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NEWS SUMMARY

GENERAL

BUSINESS China's Deng, 77, interest takes rates back seat

Deng Xiaoping, Chinese Com-munist Party vice-chairman, is stepping back from "front-line" duties at the age of 77.

However, Western observers expect him to continue to be highly influential although he will be seen less in public. Vice-premier Wan Li said Deng, who has not been seen in public for about a month, is in good health. Page 2

Belgians strike

Belgian Socialist trade unions plan a one-day strike today against Government plans to keep wages and welfare payment rises below the inflation

Expulsion call

Portugal's Socialists said more Soviet diplomats should be expelled after the Soviet embassy called former Premier Mario Scarea a lunatic needing prolonged treatment.

Marchais vote

George Marchais, French Communist Party leader for 10 years, was re-elected general secretary for another three years. Page 2

Missile found

U.S. explosive experts dis-mantled the concrete floor of a barn in the Black Forest, West Germany, to recover a live Sidewinder missile which fell from a military-aircraft a week ago.

Rulers retained

Liechtenstein's all-male electorate your to retain the majority Falling lands Union Party in its legislative elections.

Arms cache find

Zimbabwe's Security Minister. said weapons to equip an army of 3,000 had been found, some on a farm owned by Zapu leader Joshua Nkomo.

Moi accuses

Kenyan President Daniel Arap Moi accused Asians of ruining the economy by currency smngeling, hoarding goods " and selling them through the back

Death flight

An Indian military transport atteraft crashed on a flight from the Punjah to Ladakh, border-ing China, killing 23.

Gandhi attacks

Indian premier Indira Gandhi said the U.S. falled to under-stand India's problems and warned of deteriorating relations with the Administration.

England lose

The Women's World Cricket was won hy Australia. England made 151 for five in their 60 overs but Australia scored 152 for seven with less than two overs to spare.

Run, rabbit, run-Twelve white rabbits were taken from a laboratory in Shardlow, Derbyshire, by pro-testers who said they were being used in painful weed-

killer experiments.

BIII

leiter

Briefly . . . Prince Charles is to be president of the British Medical Association.

Pope John Paul intends to visit Spain in mid-October.

for two months for re-embalm-

Concern over U.S.

 CONCERN in Europe and Japan at high and finctuating U.S. interest rates is likely to he raised at today's meeting of central hank governors in Basie.

U.S. central bankers are expected to face renewed pleas to curb the dollar's volatility and to investigate whether the money supply can he controlled without disrupting international economic recovery. Back Page

- BOLIVIAN tin miners called a two-day protest strike against emergency economic measures which include devaluation of the Bolivian peso. Back Page
- CHANCELLOR Sir Geoffrey Howe this week decides on the options for his Budget. Back
- EUROPEAN CURRENCY trading was influenced by ner-vousness about U.S. interest rates and the future direction of the dollar after a series of disappointing U.S. money samply figures, Memhers of the European Monetary System were little changed against this hackground. The Irish punt showed some improvement, in spite of Ireland's political problems, hut weakened again on Friday. The Datch guilder and French franc remained close together at the top of the EMS, while the Belgian franc was again the weakest currency, but well within its alarm bell divergence limit.



chart shows the two constraints European Monatery System &change on European Monatery System eschange rates. The upper grid based on the weakest currency in the system defines the cross rates from which no currency (except the live) may move more than 2% per cent. The lower chort gives each currency's divergence from the "central rate" against the European Currency Unit (ECU) itself a basket of European currencies.

• TREASURY PLANS to raise the cost of "cheap" EEC industrial loans have attracted flerce criticism in London and Luxembourg. Page 4

- U.S. OFFSHORE BANKING industry attracted more than \$60hn (£32.27bn) in assats in the first six weeks of business.
- BP will spend about \$40m (£21.52m) in Brazil this year on oil and mineral exploration.
- BUILDING SOCIETIES' net receipts may have reached £350m last month, against £203m in December. Page 4

COMMERCIAL VEHICLE sales remained depressed last month hut a promotional cam-paign for the Ford Transit van distorted overall figures. Page 4

RHEINISCHE Maschinen-Roeper, West German engineering company, has been given to Bulgaria in the first recorded case of Communist resuce of a Western enterprise, Back Page

ASSOCIATED PULP and Paper Mills, of Australia, reported a sharp fall in pre-tax Spain in mid-Octoher.

Profits from A\$26.17m to A\$7.45m (£4.37m) for the six months for re-embalm months to end-December. Page

- CONTENTS .

Steel: West German merger Lombard: Samuel Brittan plans 12 on r Carrington in Malaysia: Fed Britain tries to clear the Justinian: Divorce and the air 13 public purse 9
Technology: BOC's growth Editorial comment: El Salin graphite 10 Management: Exxon's office

Building Notes Bus men's Olary ...

12 on Friedman and the U.S.

vador; banking profits 12

Weather
World Econ. Ind.
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World Trade

INTERIM REPORT

For latest Share Index phone 01-246 8026

Orion Royal Bank in £35m international Laker rescue attempt

ORION ROYAL BANK, a subof the Royal Bank of sortium to raise £35m to rescue Laker Airways from receiver-ship and obtain a Stock Exchange listing for the new company.

The £35m would be used as a cash base to pay off £24m of Laker Hablines and provide £11m for cash-flow over the next few months.

Orion said last night that if its consortium was successful it would take over \$421m (£226.4m) of outstanding Laker deht related to the purchase of aircraft. It would ask the Laker loan syndicates to convert 20 par cent of the debt into equity. The salvage effort is heing taken serionsly by Mr Bill Mackay and Mr Nigel Hamilton, the receivers appointed to manage Laker affairs. Mr Mackay said, however, that "the only way Laker could continue would bein a completely restructured

form. It is understood the Laker tour operations are attracting most interest. Mr Hamilton sald he had received approaches from 'a number of peole who have shown considerable in-terest in the tour operations."

leaders of all its unions to an

urgent special meeting this

All trains were at a standstill

The meeting will provide the

first opportunity since the

body, so no efforts can he made

there to resolve the dispute, but

drawing the parties together

will at least start them talking.

However, it was not clear last

light whether the Associated

Society of Locmotive Engineers

and Firemen will attend the

BY PHILIP BASSETT, LABOUR CORRESPONDENT

taking over the North Canada, yesterday was trying to Atlantic routes left vacant by form an international conpared for heavy continuing investment in operating costs, with no guarantee for early profits.

> One approach Cosmos, one of the UK's higgest tour organisers. It is interested in acquiring Arrowsmith Holidays, a Midiands tour organiser in the Laker group. Another inquiry was from

based company. It is also interested in Arrowsmith. The Orioo declaration of Interest was followed hy news that Mr Peter Cadhury, former head of Westward Television, was seeking to set up a consortium to rescue Laker Airways.

Taher Holidays, the Bradford-

Mr Roland "Tiny" Rowland, Lonrho chairman, is known to have expressed interest. Mr Hamilton said he could envisage "the possibility of a smaller airline" emerging. The receivers expressed their

could well return to the alrline husiness hefore long. The success of the Orion atlempt or any other designed to huy the whole of Laker Airways will depend on the speed

been given by the other unions, ally.

the National Union of Railway-

At the meeting, arranged late

the industry of the Asief strikes,

exceed £60m, with husinesses

such as Speedlink and Red Star

Freightliner parcels traffic down

BR is expected to tell the

unions that it is likely to have

to apply to the Government this

month for its £100m short-term

borrowing ceiling to be raised.

which were presented to the total.

workshop employees.

BR board last week.

hy 70-80 per cent.

Senior BR officials to meet the immediate costs of

privately doubted it, even the strike. The Government

The airline industry says any of providing cash as well as negotiating agreement with Laker's loan syndicates on debt restructuring. In addition, the Orion coo-

sortium would have to give the Civil Aviation Authority (CAA) essurances that its hackers or its parent bank would support new airline through the crucial aummer season.
Orioo executives said the out-

come of their efforts would be revealed by this evening. This is because the UK, U.S. and Canadian financial institutions being approached would respond today or not at all.

It will be necessary to finalise the Orion consortium by tonight because of the competing offers for parts of the Laker group. The receivers are under pressure to seil the tour huslnesses within the next 48 hours.

Mr Peter Earl, a manager at Orion, said: "Thia is not a charity exercise. We think it possible for investors to make lot of money. We know what we are taking on." He was optimistic the money

vicw that Sir Freddle Laker could he raised. Orion was trying to contact Sir Nicholas Goodison, the Stock Exchange chairman, to ask for special dispensation to obtain a listing

their new company? BR to spell out financial

effect of strike to unions BRITISH RAIL has called though agreement to attend has may well respond sympathetic-BR is also likely to explain men, the white-collar Transport that it can apportion about £25m Salaried Steffs Association and of next year's external financing

limit of £950m to holster this year's £920m. Instead of underownership would be faced with shooting this hy about £10m, BR is now expected to exceed it. However, any such roll-over yesterday. One-day strikes have on Friday, BR will tell the effect from next year's cash heen called for tomorrow and unions the detailed effects on limit will bave to be clawed

hack from the following year's The board is under pressure to accelerate the sale of its 26 portedly been forn up by resort | Coast Guard and Air Traffic hotels and 30 Sealink ferries, almost at a standstill and though it said yesterday it would not make panic disposals. The future of its extensive work-

workers, will he in doubt if inpassenger a year. Assuming that Laker/Arrow

smith could hold 100,000-150,000 BR was sceptical yesterday about the outcome of today's passengers this year, against a initial capacity of more other meeting, in which mem than 400,000 the tour operating Continued on Back Page side would he worth about £4m. per cent of the Budget, are nated House of Representatives.

Rebooked holidays threaten legal row

THOUSANDS OF Laker Airways package tour customers planning holiday this summer will be told today that they have been rebooked with other operators. This could involve clients and bidders for Laker in

huge legal tangle. Even while last-minnte efforts were being made to save the Laker empire, hig operators such as Thomas Cook and Pickfords have been refunding cash or rehooking holidays elsewhere.

Thomson Holidays said i "could not deal with the rush" on Saturday as agents and indi viduals moved to switch bookings away from Laker and Arrowsmith. Laker's touroperating side,

If Laker's tour-operating subsidiaries are hought over the next few days the new owners could find that most of the 100,000' to 150,000 holiday makers still booked with Laker on Thorsday hava been rebooked.

Three questions arise:- Could these bookings be reclaimed legally by a revived

Laker tour operation? What is the standing of passengers who might choose not to fly with Laker under new ownership or who decide to switch to a revived Laker from

 Where do travel agents stand who have repaid cash against paper claims on the Laker tour operating bonds or the Air Travel Reserve Fund?

In travel industry thinking there are no doubts. Once the bonds" which every tour operator has to lodge against insolvency have been called in- in social programmes such as as they were in Laker's case on Friday afternoon-the process of relocating, or relmbursing, clients is irreversible, it argues If this is correct, and it has never been territorized, then Laker or Arrowsmith under new

The situation is further confused in that many Laker and other industries which need Arrowsmith contracts have republic services such as the

Reagan facing tough fight for \$757bn Budget

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

PRESIDENT Rocald Reagan faces his toughest congressional battle yet to wio support for his proposed \$757.6hn Budget for 1983, which he officially pre-

aents today. The Budget calls for steep cuts in social programmes, a large increase in military spending, and no tax increases on U.S. consumers, despite an eslimated \$92bn deficit for fiscal 1983, heginning in October. Democrats strongly con-

demned the whole slant of the proposals after they became known at the weekend. Many Republicans in Congress ex-pressed unease at the extent of the increase in defence spending, and the size of the likely deficits in coming years.

In his Budget message Mr Reagan made clear that he was sticking to the maio principles of bis economic programmetax and spending cuts and deregulation of industry-despite the continued recession and record real interest rates,

There was no instant relief or panacea for America's problems, he said.

The Administration said the \$92bn 1983 deficit, compared with a record \$99hn for 1982, could be held at that level only DEFENCE BUDGET TOTALS (Sbn)

Fiscal Years 1981 1982 1983 Spending limit 176.1 214.2 258.0 156.1 182.8 215.9 1981 is actual figure, 1982 and 1983 are estimates.

if Congress adopted the \$56hn "Budget-saving plan" that Mr Reagan proposes. The plan includes:

Cnts of ahout \$26bn, many health care and food stamps. The political minefield of finan-

ight.

• Raising of \$9.7bn through recession year of 1976.

This reduces considerably the revision of husiness taxes, close He admitted that it value of the tour-operating ing of tax loopholes and be "scincible in the range activities as a going concern: increases in "user fees" charged heyond 1983" before the Reagan The situation is further conto the aviation, nuclear and

> Control. Pentagon is authorised to spend increase of \$43.7bn over 1982, crats with which he pushed last Actual outlays on defence year's \$35bn spending cuts spending, which is almost 30 thruogh the Democratic-domi-

BUDGET ESTIMATES (Sbn) 1982 1983 1984

627

Receints

Deficit without

-92

666 723 797

806

-83

expected to increase by \$33.1bn to \$215.9bn. But the Defence Department said that part of the increase reflected a more accurate assessment of the real Mr David Stockman, Mr Reagan's Budget director, forecast that if the Bndget was adopted interest rates would come down year hy year as inflation ebbed.

The official forecast put average rates for 91-day Treasury Bills at 11.7 per cent for calendar 1982, projected steadily downwards to 7 per cent in 1986 and 5.5 per cent

The short-term forecast put real growth in gross national product at 0.2 per cent in calendar 1982, after an increase of 2 per cent in 1981, rising to 5.2 per cent in 1983. Mr Murray Weidenhaum,

chairman of the President's Council of Economic Advisers, hack " in the second half of said the economy would "snap the year, with increasingly visible signs of upturn appearing ln late spring or early summer.

The consumer price index was forecast to rise by 7.3 per cent rear-on-year in 1982, against 10.3 in 1981 and 6 per cent in 1983. Unemployment was expected

to run at an average 8.9 per

cent this year and 7.9 per cent Management" savings of meant that the Budget was out \$20.3hn, including sterred to the budget was out debt and tax Mr Stockman said it was no

accelerated offshore oil and gas- spending. The 1983 deficit was field leasing, and a 5 per cent only 2.7 per cent of GNP against the task of wooing customers field leasing, and a 5 per cent only 2.7 per cent of GNP against rather than claiming them by ceiling on Federal pay increases. 4 per cent in the similar, post-

could he achieved.

Ar Stockman's arguments are not likely to cut much ice with Democrats on Capitol Hill, or At present a well-run tour operation would expect to make pre-tax profits of ahout £10 a authority," the amount the Reagan will be whether he can Reagan wilt he whether he can reassemble, lo a mid-term elecor commit for years ahead in tion year, the coalition of Re-1983, a record peacetime publicans and Right-wing Demo-

UK loses Malaysian contracts

and possibly more than £60m in Malaysia since Datuk Seri Dr Mahathir Mohamad, Prime Minister, iaunched his "buy non-British" directive in early October. The losses could top £120m hefore too long

unless peace is made hatween Dr Mahathir and Britain. Some members of the British husinesa community in Malaysia hope that the current visit by Carrington, the Foreign Secretary, will help to smooth relations between the two

Dunlop Malaysian Industries, a 51 per cent-owned subsidiary of Britain's Dunlop Holdings, has confirmed the loss of a £4m-a-year contract for tyres and other rubher products placed with the UK company for the past 20 years. products It is believed that a multimillion pound contract for the

supply of fertilisers and chemi-

London, however, aaid this was pure speculation." Also affected are British com-

panies which aeemed well placed to win contracts in tele-communications, electrical and pharmaceutical equipment and in a major housing project in the state of Sabah.

Contracts for two other large £75m, in which British comthe new rule, the Prime Minister must personally approve any deal before a British concern can be given a government contract.

suffered by British interests are hard to obtain. British officials are unwilling to talk for fear of making things worse. A senior Malaysian Govern-

BRITISH COMPANIES have government land schemes has deal to supply Scorpion light lost orders worth at least £50m also not been renewed. ICI in tanks and other contracts since the directive, said: "British companies have lost millions of pounds worth more than they

employing

shops.

vestment is cut.

The theme of Lord Carrington's speech on arrival in Kuala Lumpur on Saturday on the fourth stop of a visit to East Asian nations, was that he deals, together worth almost had come to listen and to learn. panies are conteoding strongly, sia and Britain must be hased will be decided soon. But under on mutual respect and equality,"

"There is co-operation in a wide variety of fields. There are also, inevitably, some points difficulty.

My viait provides an excellent opportunity for discussion with the Malaysian Government. listen and to learn, and I shall of course, take the chance to

ply of fertilisers and chemi- ment official, admitting that explain Britain's point of view." hy the ICI group for British companies had won a Feature, Page 13 Alliance support 'falls sharply'

BY MARGARET VAN HATTEM, POLITICAL STAFF

Democratic/Libaral Abiance has centages to about 40.
dropped sharply in the past Another weekend poli in the dropped sharply in the past three months, cutting its lead over the Conservatives from 17 percentage points to one, according to a weekend opinion poll.

The poll, conducted by Market and Opinion Research International for the Sunday Times. shows that one in four sup- voters porters has deserted the minds. Alllance since November, when heen the Conservatives, whose

with 31 per cent (27 per cent of a testing week for the Alliance, in which they face in November). The poll also reveals an unwillingness among Social Democrats and Liberals to support each other's candidates. This, it suggests, could cut

support has risen from 27 to

SUPPORT FOR the Social indicated hy present per broaden the Bill's scope up to Glasgow constituency of Hill- decision to support the Governhead, where Mr Roy Jenkins is ment. preparing to fight a by-ejection for the Alliance in March, shows tha Alliance and Labour run-ning neck-and-neck with 31 per cent each of the 76 per cent of

The poll, conducted by Dr its rating stood at 44 per cent. Bill Miller of Straticclyde supporters three to one. But
The main beneficiaries have University, gives the Conserva- Mr David Steel, the Liberal tives 26 per cent and the Scottish Nationalist Party 12 33 per cent, followed hy Labour per cent. The polls come at the start

revolt, over the Employment In spite of efforts by the SDP general election from the 100 opposition by seeking to next general election.

six of their members are expected to defy the party's

Tha Mori poll may well cast a shadow over the SDP's constitu-tional conference in Kensington this weekend when the party decidas how it is to elect its voters who have made up their leader.

The poll showed SDP supporters outnumbering Liberal leader, emerged as clear favourite as leader of the Alliance with 44 per cent support, against 23 per cent for Mrs Shirley Williams, 21 per cent for Mr Jenkins and 10 per cent

their first major Parliamentary for Dr David Owen. Liheral and SDP leaders meeting in Oxfordshire at the weekend decided to name the Alliance seats at the next leadership to overcome internal Alliance leader well before the

FACT

PLACING CAPACITY

In the Eurobond issuing business, some banks command

a large placing Ours is substantial: in 1981,

capacity. we managed and co-managed 45 international public bond issues, totalling approximately US Dollars 3,000,000,000. Crédit Commercial de France places bonds worldwide.thanks to relations with investors built-up over many years of



For firm placing, contact CCF's New Issues Department. Consider also our proven capability to lead successful issues. our placing capacity and the active support we give on the secondary market. Telephone Paris 720 9200, telex 620086. BY TONY WALKER IN PEKING

of an elder slatesman, according to a senior Cblnese official.

But western observers in premier and Polithuro member. Peking expect Mr Deng to con- told a visiting western news figure in the Chinese Com-

munist hierarchy.

U.S. relations with China have been brought to crisis point by American arms sales to Taiwan, Zhong Xidong, the Chinese Vice-Foreign Minister said in Peking at the weekend.

He said there was "practically an room for manoeuvre on the part of China" in negotiatinns with Washington.

In New York, Mr Alexander Haig. Secretary of State, told the New York Times yester-day that talks with Peking nver arms sales to Taiwan were "extremely sensitive."

remain in overall control of China's Government and party apparatus if key economic reforms and a major shake-up of the hureaucracy are to be

pushed through. handpicked sucessors — Prime position in the party hierarchy Minister Zhao Ziyang and than Mr Hu.

DENG XIAOPING, China's Party Chairman Hu Yaobang powerful party vice-chairman, could push these through in the is stepping back from frontline face of growing opposition from duties and assuming the role radicals in the party, army and

tinue to be the most powerful executive over the weekend that Mr Deng's health was perfect, denying rumonrs circulating in It is essential for Deng to Peking that the party vice-chair-

man may have been unwell.
Mr Wan gave no hint as to whether Mr Deng would give up powerful positions he holds such as chairman of the military affairs commission and membership of the standing committee nf the Politburo. Mr Deng ranks number three in the Communist

Party hierarchy. Western diplomats think it unlikely Mr Deng will re-linquish these position just yet, certainly not in advance of a party congress planned for this

explanation for Mr One Deng's withdrawal from frontline duties is that he recognises a need for bis proteges, Hu Yaobang, party chairman, and Zhan Ziyang, the Prime Minister, to be more evidently in active control of the country. In the past year, Mr Deng has always played the most prominent role in the Chinese Government, though he nomi-There are doubts whether his nally holds a more junior

BSC risks EEC challenge

AN EEC review of policy on steel plant closures and national aids to steelmakers may involve the British Steel Corporation in a form of plant closure that a printracted dispute with the would justify any additional The Brussels authorities will mission's view is that steelmak-

shortly send out a questioning plant closed through staff naire to the EEC's 450 main cuts can, in many cases, be sleel producers in a plan aimed reactivated, and that, therefore. at establishing a new category of "reserve capacity" steel steel aids code that links sub-

plants.

Although the effect will be to
allow the "mothballing" of pared by the European Commisplant, the Commission is at the capacity.

EEC officials warn that BSC's plans for further reducing the workforce are not regarded as government subsidies. The Comthe practice infringes the EEC

sion on sleel plant closures in same time contesting the BSC's the Community is, however, approach to reducing over-likely to fuel UK resentment over BSC job losses.

Mubarak peace plea to Europe

Egypt's President, Mr Hosni Muharak, on the last leg of a tour of Western capitals, yesierday nrged Europeans to promote Middle East peace by understanding rather than by putting pressure on those involved in the conflict, AP reports. President Muharak made the remark at a Press conference at Heathrow Airport hefore leaving for West Germany, on the last leg of a week-long tnur which bas taken in Rome, Paris and well as Washington as

Ghana calls in cash

Ghana's milltary rulers have ordered the country's 12m people to deposit their biggest denomination notes (50 cedis) with banks this week, Reuter reports from Abidian, quot-ing Accra Radio. After Friday the notes, worth about £10, officially will no longer

he accepted.

The exercise is believed to he aimed at checking money in circulation and at assessing assets held by individuals outside the banking system.

Sahara peace plan

African Foreign Ministers bave drafted a peace plan for the Western Sahara, involving UN troops and forces from the Organisation of African Unity, AP reports from Nairobi. The troops would be part of a monitoring force to ensure that Polisario Front guerrillas and Mnroccan troops observe a

Turkish Press curbs

Turkey's military rulers yesterday announced further restrictions against the Press and banned non-Government bodies from Inviting or meeting foreign delegations, Reuter reports from Ankara.

A statement was issued barring the Turkish Press from quoting foreign news reports critical of Turkey. It ordered societies, foundations, trade unious, and other bodies to seek permission hefore inviting foreign delegations.

Cable link plan

A SUBMARINE cable link with France is likely to be form of electricity supply in the long term, according to a consultant

Mauroy intervenes in battle over hours

BY TERRY DODSWORTH IN PARIS

the introduction of the 39-bour his chairmanship.

gravity of a situation which has divided the unions and caused meeting, to be held on Thurs- tiations. But many of the cur- moment," he said.

Rene Mauroy, is to try to Minister, to come under attack Government's position on differences of interpretation. defuse a worsening row nver from the Communist-led CGT, acceptable solutions for the way A number of strikes have be trimmed by one hour from working week by bringing A number of strikes have be trimmed by one I unions and employees together broken out over the issue. the current 40 hours. this week at a meeting under threatening to undermine the

M Mauroy's main aim at the vague to allow room for nego- extra income all at the same

FRANCE'S Prime Minister, M M Jean Auroux, the Labour day, will be to clarify the rent disputes have arisen from

The most acute of these in which the working week can questions is over pay, since M Auroux has clearly indicated that he thinks some salary In the decree introducing the pauses, and even cuts, are The Prime Minister's decision Government is partly counting measure, the Government de acceptable in return for the to intervene underlines the in its push for economic growth. liberately left this question not have more spare time and

> national and local governme . The cut was aimed at savi public budgets some DM 2.3 (£525m). The proposal, ma last autumn, was also seen Government as symbolic be tightening which it was her would influence wage negot

Bonn force

to back

down on

salary cut

By Stewart Fleming in Frankfa

WEST GERMANY'S Secon

most powerful trade unic

the Public Service and Tran

port Union, with im me

bers, has succeeded in forci

the Government to rescind

cent in the salaries

proposed cut of almost 1 p

tions in the private sector After discussions on Frid however, the Government dropped plans to start wage cuts at the beginning March in the face of a str threat by the union wh would have hit services a as rubbish collection, hospi hilling and public transport.
The Government's decis followed a similar concess.

The Government will a have to introduce legislah to rescind wage cuts for civil servants whose salar are fixed ontside the pull

The country's biggest tr union, IG Metall, will as claim for 7.5 per cent.

Economic policymakers been hoping that the Gove ment's proposals, announ last week, for a DM 12. programme to stiming investment and employment would encourage the nmi_ to accept settlements of more than the expected it tion rate of 5 per cent.

Marchais sees constructive role for party

Polish universities due to reopen today

authorities are not too worried Warsaw University students are the Russian language. countrymen, jailed under about bringing atudents to be warned of the con- Our Foreign Staff adds: martial law and said Solidarity together in such sensitive spots sequences of being caught by Poland's Communist Party has would find a place in Poland.

the Polish situation.

The U.S. Is anxious that the

Foreign Ministers should make

their tough speeches and that

the session be kept as short

as possible, perhaps no longer than two weeks. There would

then be a recess until the

Haig urges tough line at Madrid talks

BY DAVID WHITE IN PARIS

French Communist leader, said told the 2,000 delegates. the party intended to play a need to bring the party up to

party's 24th congress, be said Socialists.

activity that Government was "on the right tracks." Every Communist Marchais's re-election as secretariat.

shutdown which came with the

imposition of martial law on

December 13. Other colleges

and polytechnics have been going back over the past few

The decision to send the uni-

BY ROBERT GRAHAM, IN MADRID

THE U.S. Secretary of State, in

united Western stand castigat-

versities back means that the

will have resumed studies.

BY CHRISTOPHER BOBINSKI IN WARSAW

NINE POLISH neiversities are as Gdansk and Wroclaw as well

going hack over the past few of their hostels as a gesture of weks and by today all students support for the independent

General Alexander Haig, was occasion is being converted into

due in Madrid last night to pre- a major show of criticism of

ing the Soviet Union and the been completed and diplomats

military crackdown in Poland at concede there is still disagree-

the European security conferment. The U.S. is pushing bard ence which resumes tomorrow. for an all-out verbal assault on

Gen Haig will bead the list the Soviet Union and a stern

Organisation Foreign Ministers authorities to restore a dialogue

North Atlantic Treaty warning to the Polish military

pare the ground for a tough, the Polish military takeover.

due to reopen today after the as Krakow and Warsaw.

GEORGES MARCHAIS, con-should speak and act as a mem-tary-general by the 145-member M. André Lajoinie, leader of

M Marchais also dwelt on the constructive" role 25 2 date and on the "originality" partner in Government and that of the Frenchstyle bound its differences with the sought. He made no mention Socialist Party did not affect of the Polish crisis—the main surprises, except for the drop-the CGT trade union, who is source of discord between the ping of the party's due to retire for health reasons this summer, has been replaced partner in Government and that of the French-style Socialism it

In Wroclaw on January 30,

for instance, students put

lighted candles in the windows

union, Solidarity. Police inter-

At special meetings today

vened and 12 were detained.

November 1980.

Western tactics have not yet

firmed yesterday in his post as her of the ruling majority, he central committee was greeted the Communist group in the nvation, fountains of confetti

> activity at company level, from this summer, has been replaced the top seven-member secre-

> with the customary rousing National Assembly, joins the secretariat in his place, while M. Charles Fiterman, the Transport and raised fists at the end of Minister keeps the seat which he

hy another trade unionist on the party's political bureau.

down " automatically. Wlodzimierz Mokrzyszczak, a Students will also be told secretary of the party central that attendance at classes is committee, who said member-compulsors. More attendance is committee, who said member-

to be paid to ideological sub- The head of the Roman

jects such as Marxist-Leninist Catholic Church in Poland, teaching and greater stress is Archbishop Jozef Glemp, yester-

to be placed on the study of day prayed in Rome for his

The detente is expected to be made could torpedo the conference

conditional on improvements in and damage the framework for

compulsory. More attention is ship was now 2.6m.

made a week earlier, by le authority leaders. the military authorities at poli- lost half a million members tical activity. Students convicted since July, 1981. This admissof such charges will be "sent sion was made yesterday by Mr

service collective hargain The concession represen ve the clear victory for the unit head, Herr Heinz Klunck Union leaders in industry : now feel increased press to demonstrate in if members that they, too, taking a strong line agai employers in the curr wage-round.

become the focal point. union has already reject the offer of a 3 per t increase deferred for it months. It had put it

FINANCIAL TIMES, poblished except Sundays and holidays a subscription rates \$365.00 per subsc

TO INTERNATIONAL INVESTORS WHO HAVE OVERLOOKED LIECHTENSTEIN.



Tt's easy to overlook Liechtenstein. Geographically located between Switzerland and Austria, not far from Zurich, Liechtenstein is one of the smallest countries of Europe with an area of only 61 square miles and a population of 26,000.

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CONTRACTS AND TENDERS

due to attend. This will be the with the Church and Solidarity.
best-attended conference session the trade union movement, as since the present meeting began soon as possible. Renewed West Germans, feel that this situation would be unacceptable.



LEMBAGA LETRIK NEGARA TANAH MELAYU

NATIONAL ELECTRICITY BOARD OF THE STATES OF MALAYA

TRENGGANU HYDROELECTRIC PROJECT

CONTRACT NO. 1854/24 — CABLE AND EARTHING

LEMBAGA LETRIK NEGARA TANAH MELAYU invites applications from suitably qualified and experienced contractors wishing to be registered as tendorers for the following contract for the Tronggenu Hydrolocutic Project in Tronggenu, Meleysis:

CONTRACT No. 1854/24 — CABLING AND EARTHING

This contract comprises the design, menulacture, lectory testing, delivory, erection, testing and detect liability for the following plant

Cabling and earthing for Power Station. Sub-station, Pressure Tunnel Inlet Structures

Innoconnecting cabling between Power Station. Sub-station, Pressure Tunnel Inlet Structures applied for a loan from the Overseas Economic Co-operation Fund Japan under the Filth Yen Credit on an united boals to floames the foreign currency portion of the Contractors of the following countries:

1) Member countries of the Organisation for Economic Co-operation and Outelopment (OECO)

2) Ouveloping countries in general subject to Individual notification of approval by LEMAGA LETRIK NEGARA

Formal applications for registration, should be submitted not later then organisation for Economic Co-operation and Outelopment (OECO)

2) Ouveloping countries in general subject to Individual notification of approval by LEMAGA LETRIK NEGARA

Formal applications for registration, should be submitted not later then organisation to registered tenderers about May 1982. Tendors will be required to be submitted about 3 months theresites.

Tenderero must have hed approved previous experience in the design, manufacture and erection of smiler equipment in large powerstations. Full describe of manufacturers experience and their technical and financial competence must be forwarded with the opplications. Applications must be accompanied by a benker's order or dreft for \$A250 payable to \$NOWY MOUNTAINS ENGINEERING CORPORATION os a documentation less for each contract. The documents in the swill be required only to specific them to supplications and supplications mus

GOVERNMENT OF THE
STATE OF GOIAS
INVITATION TO TENDER
INTERNATIONAL BID
NO. 01/82 - SANEAGO
Sanesmento do Gois S.A.—Sancego
part in Bid No. 01122 for the spooly
invites all interested companies to take part in Bid No. 01122 for the succeived materials and equipment for the
expansion of the water supply systems of the cities of Anapolis, Arangamas, Canu and others in this state. The
Case and others in this state. The
mancial resources for the payment of
handal resources for the payment of the CHR charges resulting from the bid will be provided by the National Housing Bank—BNH, by the Covern- ment of the Sizto of Golfs, through
bid will be provided by the National
ment of the State of Golds, through
the water and sower financing fund— FAT-GO, and by a loan taken by 2NH from the international Recon-
FAT-GO, and by a loan taken by
struction and Development Bank-
IDUR
The bid to for the following tots
of materials and/or equipment 1—
of Hydrometors, 3—Supply by gal-
Recovery of Hydrometers, 2—Supply of Hydrometers, 3—Supply of galvanised iron pipes, connections and
valves for connection to buildings.
tection boxes. 5—Supply of PVC
nipes and parts for distribution pet-
works.
The bid is open to Brazilian com- panies and to companies from other
IRDS member muntries. From
Switzerland and Talwan. The bid
RDS member countries, from Switzerland and Talwan. The bid decunents, which include the applicable conditions, are svalidable to consultation and abtention by any in-
mits Nen and Ettertion by any in-
terested companies at the Pormanent
6id Commission at Sanezeo's head
terested companies at the Pergament Bid Commission at Sancago's head office at Avenido "E". No. STO—Setor Jardim Golas. The documents may be
obtained against the submission of the
octained against the summission of the receive of payment or a sum of Crs. 3,000,00 (three thousand cruzelros) per left to the Treasury of Sansago, from January 16 to February 16, 1882 from 8,00 to 11,00 a.m. and
3.000,00 (three_thousand cruzelros)
from famuary 16 to February 16.
1982, from 8.00 to 11.00 a.m. and
1982, from 8.00 to 11.00 a.m. and from 2.00 to 4.00 p.m. The bids are to be handed in at
on March 3 (third) 1982, at 3.00
Permanent Bld Commission of Saneago.
Seen: Technical Circular,
Seen: Technical Director,
Jose Ubeldo Teles, Director President, Gelania.
January 15, 1982.

THEATRES

COMPANY NOTICES

international conduct laid down

in the 1975 Final Act of Hel-

cated that it will not accept

being put in the dock. Since

the talks began, the Russians

have, in any case, been under

attack for their conduct over

Afghanistan. The Polish mili-

Moscow, meanwhile, has indi-

CANADIAN NORTH ATLANTIC. NOTICE TO SHIPPERS, AND IMPORTERS

TATE & LYLE PLC NOTICE TO HOLDERS OF BEARER SHARES

NOTICE IS HEREBY GIVEN the

GM set to

in Tunisia

By Roderick Oram in New York

GENERAL MOTORS is close

th signing an agreement to build a car and lorry assembly

plant in Tunisia. The share-holdings in the as-yet un-named company will be GM 20

per cent, Isuzu, its Japanese affiliate, 10 per cent and Tuni-

slan private investors 70 per

GM, the world's largest car

and truck maker, said it will

identify the Tunislan investors when the deal is

completed. But It is under-

stood that a major one is a Tunisian car dealer handling

The plant, to be built in the

town of Kairouan about 120

miles south-west of Tunis.

will begin by assembling com-

pletely knocked down (CKD)

vehicles but later it will make

Russia to sell

oil to Greece

By Victor Walker in Ather

THE SOVIET UNION is to

supply Greece with 2m tons of crude oil this year, 900,000 tons of it of Libyan origin

but under Russian ownership.

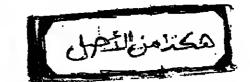
loannis Papaspyrou, Under-Secretary of

GM products.

some components.

build

plant



orday February 8;

to had Japan seen as down most vulnerable? to trade pressure

WEST GERMAN BY GRES
the Public Strice JAPAN is
bers laion bers according protectionis
free foverment EEC in 2 sh
coal in the sels today.
Taking labels
According

Pational and local to According to a "protectinnism The cat as ing exports and its mountained its ing exports and its mountained it is to become the first victim of with the contained in the prediction of the contained in the prospects of all the EEC a main after discussion trading partners, include retailating discussions in the prospects of all the EEC a main after discussion trading partners, include retailating discussions in the prospects of all the EEC a main after discussion to prospects of all the EEC a main after discussion to prospects of all the EEC a main after discussion to prospects of all the EEC a main after discussion to prospect to the prospect of all the EEC a main after discussion to prospect to the prospect of all the EEC a main after discussion to prospect to the prospect of all the EEC a main and the prospect to the prospect of all the EEC a main and the prospect of all the EEC and the E predictor" contained in the report, it is not only Japan's surg- also emerges as only a little

in the party prospects of all the EECa main a first discussion trading partners, include retailating partners authors. Europed plant a many pean Research Associates, included to the pean Research Associates, included to the pean Research Associates, included to the pean Research Associates, included the pean Research Associates, included a section of the company and pean Research Associates, included a section of the country's alkely immunity to a possible foliation of the pean Research Associates, included a section of the pean Research Associates, included a section of the country's alkely immunity to a possible foliation of the pean Research Associates, included a section of the pean Research Associates, inclu that awards marks in relation to partners end toward one a country's likely immunity to another, and examines the protectionist action Japan scores various measures still available

the EEC's trading partners are using them.

JAPAN is singled out as the the newly-industrialised councountry most vulnerable to tries of Southeast Asia, such as protectionist measures by the EEC in a study released in Brusmuch the same category are Latin America, China and India. The U.S., more surprisingly,

less vulnerable to EEC protectionist measures. While it scores strongly on retaliatory power, which in addition to countermeasures includes the leverage of substantial investment in Europe its overall score is only

The Brussels study, "EEC Protectionism: present practice and future trends," is the concluding volume of a two-pert report launched last June. so far adopted by EEC states toward their main trading the Community together The next most vulnerable of with the different options for

Scotland to keep its two U.S. bureaux

BY MARK MEREDITH IN EDINBURGH

The concession of the concessi SCOTTISH inward investment responsibility of the "Locate promittie, offices are to be in Scotland" office which commaintlined in New York and blnes the industrial promotion San frincisco, according to activty of the development Mr Gerge Younger, the Secre agency with the grant-giving shillities of the Scottish Econo-The committee mic Planning Department.

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tary ofState for Scotland. The wo offices were set up in Mr Younger, in reply to a 1979 by the Scottish Develop-question in Parliament last ment Alency on a two-year trial week said a review had shown period b encourage U.S. com- that the offices were an essenplan heir expansion abroad

Scotland. The olces now fall under the ordinating inward investment.

France-Brazil links plan

State-guaranteed credit lines of Antonio Netto, the Brazilian Planning Minister, last week. about FFr (b) (\$678m) this Akbough not officially des-

THE Freich Government has double the FFr 1.8bn extended indicated a Brazil that it will to Brazil last year, was drawn be prepare to advance mixed up during a visit to Paris of Sig year if actement can be cribed as a formal protocol, the reached on a number of agreement is intended to give projects mydving French Brazil rights to a mixed credit

tial element in the success of

Locate in Scotland" in co-

British computer sale to Nigeria

By Our World Trade Staff SYSTEMS PROGRAMMING International, a leading UK systems and software company, has been awarded a £3.5m contract by Sheil Petroleum Development of Nigeria to supply an oilfield

system. The system will be implemented on the company's DEC PDP 11/44 computers, and it is estimated that it will take three years to complete the contract.

The system will provide the oil company's production management with real time facilities for the entry of production control data.

• APV International of

Crawley has won a £2m contract to supply an automated cheese plant to the DMV Campina dairy company at Born, the Netherlands. The project will be undertaken with APV Nederland, the company's Dutch association, and will convert 600,000 litres of milk per day into Gouda

BTR Belting of Lancasbire is to supply £1m worth of silvercord steel cord con-veyor belting to the Neyvell Lignite Corporation, which operates one of the largest open cast lignite mines in Tamil Nadn state in south

BP plans to spend \$40m in Brazil

By Andrew Whitley in Rio de lanerio

BP is to spend about \$40m in Brazil this year on oil and mineral exploration. About 10 per cent of the gronp's worldwide spending on minerals is being allocated to Brazil, according to the

Mr Jack Birks, a managing director of BP responsible for minerals and head of its Selection Trust subsidiary, is currently visiting Brazil on a fact-finding visit.

After meeting in Brasilia with Sr Cesar Cals, the Mines and Energy Minister, he said would be prepared to participate in the Carajas minerals project in the Amazon-the world's largest unU.S.-EEC AGRICULTURAL DISPUTE

Washington goes on the offensive

OF THE SEVERAL encounters in Washington today and tomorrow between three European Community Commis-sioners and the Reagan Administration, it is the meeting with Mr John Block, the Agriculture Secretary, which is likely to drive home the full extent of the ideological and political dis-agreements between the U.S.

and Europe. A toothy, mop-haired farming millionaire from the Middle West, the 47-year-old Mr Block has been leading a crusade against aspects of the EEC's farm policy almost from his first day in office.

In the previous meetings with Commissioners, he has warned that his objective is nothing less then to roll back the £3bn a year the EEC spends on subsidising the export of its farm surpluses.

In effect, Mr Block is putting a second bullet in the pistol chamber in the game of Russian roulette that the EEC is currently playing with the U.S. It ie a matter of debate as to

whether the filing of anti-dumping suits against EEC producers by U.S. steel companies means that the first bullet has been fired. Previous U.S. administrations

have not hidden their dislike of the tendency of the common agricultural policy (CAP) to produce surpluses and drive the EEC into an increasing number of world markets.

But no previous adminis-tration has read the riot act

year ago, then " serious friction repudiating the commitment of In our hilateral relations would result, as would increased instability in world markets."

At least part of the reason for thie offensive lies in domestic political considerations.

Just before Christmas, the Congress passed a oew Agri-culture Act (1982-85) which looks likely to cost at least \$11hn in supporting U.S.

This estimate is higher than the Administration would have liked and could climb significantly because the Act has fewer controls over production than its predecessor.

As a result, the U.S. may need to step up its farm exports if Washington is to be spared the cost of propping up farm in-comes in the face of falling domestic prices.

World markets, however, and therefore the return to U.S. farmers, will almost certainly be affected by the volume of which the response of one U.S. subsidised EEC exports of products including butter, sugar, trade surplus ought to be cereals and beef. Mr Block's double." argument is simple: EEC sur-pluses and subsidies tend to the EEC's presence in certain depress world prices and, thus, and productive U.S. farmers.

of the General Agreement on Teriffs and Trade subsidies code requires the EEC to reduce its level of subsidies and to refrain from expanding its share of markets with the help of subsidies.

The EEC says this Is nonsense, a typical case of a new its predecessor. The Gatt subsidies code says that nations should not try to buy more than an "equitable" share of world markets and the EEC has fully Community say

Washington, however, points to a trend line which shows that the EECs share of the diplomacy. In its agonising on how to cope with the potential effects world agricultural export trede

(excluding intra-EEC trade) has risen from 9.3 per cent to 11.4 in terms of levying a tax on fats and oils to help mop np the prospective olive oil lake. This would hit \$100 exports of per cent between 1973 and 1980. At the same time, growing self-sufficiency and, the U.S. alleges, steady protectionism, has reduced the EEC share of tax would have to be negotiated through Gatt, and Washington world imports from 24.7 to 19.5 aays that it will fight to the last ditch to prevent it happer cent over the same period. The Commission's figures sug-

gest a different conclusion Similarly, the U.S. can see market shares have held steady. Indeed, the EEC's agricultural trade deficit climbed from \$20,6bn in 1973 to \$31.6bn in 1980. Its deficit with the U.S. alone is more than \$7bn-to

markets such as sugar and poultry has become more significant and, therefore, influential He maintains that the spirit on world prices in the last few

> This is a reflection of increastng internal production surpluses.

Washington had hoped that the EECs efforts to re-form the CAP over the next six months would have brought greeter promise of a control on sur-If the EEC maintains its sub-sidy policy, said Mr Block a ignoring, misunderstanding or between EEC and world prices.

By last November, it was pretty clear to Washington that neither was likely to happen and that persistent external pressure would be needed to change the EEC's mind.

But there is also a strong defensive element to Mr Block's

of Spanish membership, the Commission is again thinking U.S. soya to the EEC. Such a

France beginning to foment an assault on U.S. exports of cereals substitutes which Community because it is cheaper than EECproduced cereals. With its sales of corn gluten at 3m tonnes a year and rising, Washington says it will not agree any voluntary restrait on its exports of cereals substitutes.

However, Mr Block is already making it clear that he is not just involved in a war of words. Having received complaints against EEC policies from U.S. producers of poultry, sugar, wheat flour and pasta, the U.S. has already started Gatt proceedings alleging a breach of

he followed by complaints in the Gatt on the other three

Commerce, said at the weekthe subsidies code through sub-sidies of wheat flour exports. He said the oil will be bought at \$35.35 per barrel and will be paid for in con-This is a test case which may

vertible currency. To balance this, the Soviet Union has agreed to buy a specified amount of agricultural products during 1982, including a minimum of 90,000 tons of oranges, he



The oil represents about one-fifth of Greece's total

SHIPPING REPORT

Ship sales market active

BY ANDREW FISHER

TANKER and dry cargo rates remained low last week, but there was a spurt of activity on the sale and purchase market at prices showing just how low ship values heve fallen. Galbraith Wrightson said the

most significant sale was that of the 66,000 deadweight ton hulk carrier, South Beauty, to German interests for around

The brokers reckoned this was the first open market sale of a Panamax bulk carrier - the than six months when it would have fetched up to \$16m, Matheson (Chartering) pointed out in its monthly report that

Panamax and other large hulk carriers were especially hadly affected by the continued rate weakness in January. On the tanker front, where

business remained poor last week, the number of tankers and combination carriers laid up, idle or heing repaired showed a further sharp rise in January to 192 ships of 28.8m

World Economic Indicators

		UNEMPLO	YMENT		
		Jan. '82	Dec. '81	Nov. '81	tan, '81
UK	2000	3,070.6	2.940.7	2.953.3	2,419.5
	%	12.7	12.2	12.2	10.0
	,-	Dec. '81	Nov. '81	Oct. '81	Dec. '80
W. Germany	2000s	1,703.9	1,490.0	1,365.9	1,118.3
	%	6.5	5.7	5.2	4.3
France ·	000s	2,014.4	2.016.2	2.001.9	1,632.0
	%	8.9	8.9	8.8	7.2
ltaly.	000s	2,145.9	2.136.8	2,119.3	1.850.4
	%	9.6	9.6	9.5	8.3
Netherlands	000s	475.6	443.2	427.2	322.4
	%	9,1	8.5	8.2	6.2
Belgium	000s	525.4	518.4	516.7	430.5
•	%	12.9	12.8	12.7	10.6
U.S.	000s	9,462.0	9.004.0	8,520.0	7,785.0
	%	8.9	8.4	8.0	7.4
Japan	000s	1.190.0	1,210.0	1,220.0	1.180.0
	. %	2.1	2.1	2,1	2.1
	,	Source (excep	n U.S., UK a		urostats.

equipment experts. An outline deal on this new loans, private credits and financing, youth more than Treasury advances. largest size able to pass through dwt, according to Howard the Panama Canal — for more Houlder. tapped deposits. are changing the way the world thinks.

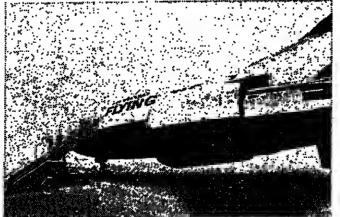
When we introduced the Minicomputer, over 20 years ago, we immediately established ourselves as industry pioneers. For the first time, computers were taken out of the computer room and made available to people who were not necessarily computer experts. It was a major change, the first of many we've made since then.

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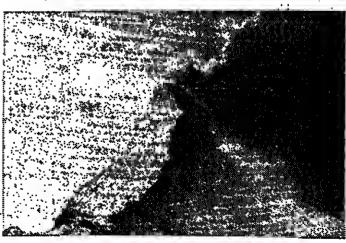
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Rents for

council

houses

up 45%

published today.

COUNCIL HOUSE rems in

England and Wales increased

45 per cent in 1981-82 while

Government subsidies to tenants dropped 28 per cent

to £1.29bn from £1.8bn to

1980-81 according to statistics

The statistics from the

Chartered Institute of Public

Finance and Accountance

show that rent income rose from £2.140n to £3.11bn.

Only three of the 404 councils which are housing

rents in 1981-82. They are

Hammersmith and Futham.

Some 62 council put up

rents by at least £4 a week

and six by more than £3. They were Weaklen, East Sussex (£5.50), Basingstoke

and Deane (£5.39), Berwick

upon Tweed (£5), Guildford (£6), Tandridge (£6.40), and

housing subsidies, rate payers' contributions and rents to the housing revenue

Strafford on Avon (£7).

Liverpool and Coventry.

authorities failed to raise

(Incorporated in the Republic of South Africa)

INTERIM REPORT FOR THE SIX MONTHS ENDED DECEMBER 31 1981

•	Six mo	nths to	Year to
	31.12.81	31,12.80	30,6.81
PRODUCTION: Metric tons			
Hot metal—total	405 739	389 979	781 5 4
Blooms	238 891	245 497	488 63
Slabs	176 529	148 544	309 50
Slabs Billets	14 837	27 509	39 62
Total	430 257	421 550	837 76
Mill products			·
Mill products Billets	9 272	9 482	17 65:
Sections	179 905	199 714	406 16
Plate	143 121	116 228	254 86
Total	332 298	325 424	678 67
TotalFerro-alloys	87 014	66 290	131 04
Carbonaceous products	105 355	115 618	213 113
GROUP FINANCIAL RESULTS (R000)			•
Turnover	179 856	153 070	332 96
Profit before tax	40 079	34 866	73 22
Less: Normal tax		5 225	6 82
Deferred tax	12 651	6 132	16 02
	27 428	23 509	50 37
Less: Minority Interests	1 063	585	1 67
Attributable profit	26 365	22 924	48 704
Taxed earnings per share (cents)	38.7	33.7	71.0
Dividend (cents)	11.0	10.0	32.

months to December 31 1981, before providing for tax and minority interests, but after providing for interest charges of R4 603 000 and depreciation of R12 352 000 amounted to R40 079 000 compared with the R34 866 000 earned for the half year to December 31 1980.

After providing R12 651 000 for deferred tax and deducting minority interests of R1 063 000, the attributable profit increased from the R22 924 000 earned for tha same period last year by 15 per cent to R26 365 000. The rate of taxation was again low due to the high level of capital expenditure.

In view of these results the board has decided to raise the interim dividend to 11 cents per share (1930—10 cents) payable in April 1982 at a cost of R7 488 000.

Following the merger and related transactions between the Anglo American Industrial Corporation (AMIC) and De Beers Industrial Corporation, Highveld bas become a subsidiary of AMIC and as a result the group's financial year end will be changed from June 30 to December 31 and the current financial period will cover the eighteen months ending December 31 1982. As a result a second interim report for the six-month period ending June 30 1982 will be issued in August 1982, when a second interim dividend, to be paid in October 1982, will be declared. The results for the eighteen-month period ending December 31 1982 will be announced in February 1983 and at the same time the final dividend for that period will be declared for payment during April 1983. Thereafter final dividend for that period will be declared for payment during April 1983. Thereafter the results for the first half of each financial year will be announced during August, and it is intended that interim dividends should be declared at that time for payment during the following October. The results of each financial year will be published during February of each year and a final dividend declared at that time for payment during

It is disappointing to note that, after an encouraging start to the year which indicated a significant improvement, apparent steel consumption in 1981 for the world, including the communist bloc, was below the 1980 tomage of 722 million. The communist bloc. after more than three decades of rising consumption and production, has now suffered reductions in two successive years. Consumption in the USA, the world's biggest market, improved by 7 per cent after the drop of 17 per cent in the previous year; however, most of this improvement took place in the first half of the year and hy the year end demand had again weakened. The International Iron and Steel Institute's forecast for 1982 is a 2 per cent increase in apparent consumption worldwide, the entire increase being in the first world economies. free world economies. However, recent economic developments in the USA and the continuing recession in Western Europe casts some doubts on this forecast.

As the year progressed, steel export dollar prices came under increasing pressure due to intense competition and the strengthening of the dollar against most other currencies. Nevertheless, during the period under review Highveld's steel exports continued to show satisfactory profit margins.

South African apparent steel consumption during 1981 was at the same record level of 6.9 million tons as 1980 but, as the year progressed, demand weakened and a decrease of 3 to 5 per cent is forecast for 1982.

On January 1 1982 the average basic price of domestic steel was increased by 5 per cent. It is boped that this practice of small but more regular price increases will be continued and that it will prevent the serious distortion of the market caused by the speculative buying associated with larger annual mid-year increases

Free world vanadium consumption remained at a reasonable level during the period and the reduced production of vanadium raw material in the western world would have uation but for suppli balanced the supply/demand situation but for supplies from communist China. As a result of this vanadium raw material oversupply, prices remained under pressure and the group continued to operate only one of eight roasting units at the Vantra division.

At the beginning of the period Transalloys bad satisfactory export sales of manganese ferro-alloys, mainly as a result of the weaker rand and higher steel production in the USA. All five furnaces were operated throughout the period and the six-monthly profit was at a record level. By the end of the period overseas demand and prices bad fallen off, and it was necessary to take two of the five furnaces out of operation from the beginning of January 1982.

The Rand Carbide division also enjoyed record profits for the half year. At the end of November 1981 the production of calcium carbide was discontinued. The furnace concerned will be converted to ferrosilicon and will recommission by June 1982. The other two ferrosilicon furnaces operated at capacity during the period. The lower level of activity in the South African ferro-alloy industry will continue to affect sales of metallurgical char and electrode paste in the second half of the year.

Group turnover for the period at R179 856 000 was 17 per cent above the turnover for the half year to December 1980 due to an increase of 69 per cent in export sales and despite a reduction of 9 per cent in local sales. Export sales represented 49 per cent of total turnover compared with 34 per cent for the same period last year, an improvement attributable to increased volumes and the weaker rand.

The erection of the first furnace and three pre-reduction kilns in the second from plant continues on schedule and the units should commission by mid-1983. The 410-ton a day oxygen plant and Transalleys' sixth furnace will commission as planned before

In December 1981 the board approved R60 million for the installation of a reversing hot strip mill at Highveld.

Current overseas and local market conditions make forecasting difficult, but it is expected that the group will maintain a similar level of earnings for the remainder of the financial period.

SHARE CAPITAL

The issued share capital increased from R68012770 at June 30 1981 to R68071270 as a result of the issue of 58 500 shares in terms of the share incentive scheme.

The total commitment in respect of capital expenditure was R161 908 000 at December 31 1981 compared with R151 974 000 at December 31 1980.

The final dividend of 22 cents a share in respect of the financial year to June 30 1981 was declared on August 10 1981 and paid to shareholders on October 2 1981.

DECLARATION OF DIVIDEND NO. 15 (INTERIM) Notice is hereby given that dividend No. 15 of 11 cents a share, being tha first

interim dividend in respect of the financial period July 1 1981 to December 31 1982, has been declared payable to shareholders registered in the books of the Corporation at the close of business on February 26 1982 (1981—dividend No. 13 (interim) of 10 cents

The dividend is declared in the currency of the Republic of South Africa. Dividend warrants will be posted from the office of the transfer secretaries on or about April 1

Any change of address or dividend instruction to apply to this dividend must be... received by the Corporation's transfer secretaries not later than February 26 1982. Shareholders must, where necessary, bave obtained the approval of the South African or any other exchange control authorities having jurisdiction in respect of such instructions.

The share transfer register and register of members will be closed from February 27 to March 12 1982, both days included.

In terms of the Republic of South Africa Income Tax Act 1962, as amended, nonresident sharebolders' tax will be deducted by the Corporation from dividends payable to those shareholders whose addresses in the share register are outside the Republic. The effective rate of non-resident shareholders' tax is 15 per cent.

The abridged unaudited consolidated income statement of the Corporation and its aubsidiaries for the six months to December 31 1981 is contained in the accompanying interim report of the Corporation for that period.

L. Boyd (Managing Director)

For and on behalf of the Board W. G. Boustred (Chairman)

Transfer Secretaries: Consolidated Share Registrars Limited 62 Marshall Street, Johannesburg 2001 (P.O. Box 61051, Marshalltown 2107)

Registered Office: Portion 29 of the Farm Schoongezicht No. 308 J.S. District Witbank (P.O. Box 111, Withank 1035)

Directors

Witbank February 8 1982

UK NEWS

By Kenneth Gooding,

remains depressed.

Motor Industry Correspondent

COMMERCIAL vehicle sales

rose sharply last month but a

last-minute rush to buy in

Campaign by Ford lifts commercial vehicle sales

big promotional campaign for the Ford Transit van distorted the figures. Overall, the market The campaign covered the last quarter of 1981 but closed on January 10, thus causing a

Steel Community (ECSC). This resulted in 7,058 Transits being sold, the largest number to be registered in one month in the vehicle's 17-year history. Ford's commercial vehicle market share last month reached a record 44 per cent.

The Transit campaign belped boost total sales of purpose-built vans to 11,883 in January 11-11½ per cent. from 6,756 in the same month

The impact in an otherwise depressed commercial vehicle market was to raise total sales by 25.7 per cent, compared with January last year to 21,157 according to Society of Motor Manufacturers and Traders'

But last month's total was 14.25 per cent below the 24,674 for January 1980.

In January, registrations of trucks above 3.5 tons, the most badly affected part of the business in the past two years, slipped again, from 3,688 in the same month of 1981 to 3,402. Car-derived van sales fell from 5,063 to 4,255, or nearly 16 per cent over the same period. Bus and coach registrations declined from 394 to 316. Registrations of light fourwheel-drive vehicles moved ahead sharply, probably due to the heavy snow, from 936 to

The importers' share of the total market was held last month at 29.6 per cent, against 30 per cent in January 1931. Serior executives of Nissan, the Datsun car group, are expected to arrive in London

today for what should be a final

round of talks about a possible £300m UK plant. The team will be led by Mr Mastaka Okuma, the executive vice president, and will meet Department of Industry officials

Opinion in the UK motor industry is still divided on wbether Nissan will go ahead with the venture, to build 200,000 Datsuns a year in Britain.

There is some evidence that the department has been taking bas been evident in speeches a firm line about the level of local content in the cars to be ministers and officials.

Anger at Treasury plan to raise cost of EEC loans

cism in London and Luxem-.

The increase will come about because of the way in which the Government intends to price the exchange risk cover it provides on money from the European Investment Bank (EIB) and the European Coal and

Under the old arrangement, which will still apply to current applicants, the UK Govern-ment charges companies taking up the EIB's and the ECSC's mixed currency loans a flat 1 percentage point on top of the normal interest rate. Under both schemes this is presently

In future, the plan is to charge the broadly commercial (sterling) rate used for Industry Act

charge of between 1 and 2 percentage points.

Finance Corporation (ICFC). which acts as an agent under both schemes, said it is "concerned about any move which makes it more difficult for small money and £1.5m of EIB loans to 250 projects.

ance of any cheap money source when the prime purpose is to the assisted areas."

encourage capital projects in

TREASURY PLANS to raise the cost of "cheap" EEC industrial loans have attracted fierce critical loans minus 3 per cent, equivate pounds have been handed out to UK companies by the EIB loans minus 3 per cent, equivate loans minus 4 per cent, equivate loans minus 4 per cent, equivate loans minus 3 per cent, equivate loans minus 4 per cent, this, the banks and other insti- joined the European Communtutions which parcel out EIB ity. EIB loans are designed and ECSC loans add their to help solve regional problems while ECSC money is restricted to job creating investment Industrial and Commercial projects in coal and steel.

Although the take-up in the UK has generally not been as high as in some other EEC countries, a key attraction to UK borrowers has been the low rate of interest, which even companies to benefit from Comrate of interest, which even
munity funds." ICFC has to after the 1 per centage point date committed £43m of ECSC premium and the agent's money and £1.5m of EIB loans "turn" has been significantly cheaper than the cost of a commercial loan.

Midland Bank, which acts an an agent for the EIB, said it Officials in Luzambourg are "would regret the disappear- now worried that following the Government's move to increase the cost of its exchange risk cover, demand for funds could

Hundreds of millions of Building societies receipts up

BY MICHAEL CASSELL

THE BUILDING societies began ket caused by recent National Interest rate decisions are 1982 in good form. Net receipts Savings offers have faded away. normally taken by the building in January climbed to one of their highest levels since last

Provisional estimates suggest cover in December. Net receipts may have reached £350m in January against £203m the previous mouth and £65m, worst monthly figure for five years, in November 1981.

It appears that some distortions to the retail savings mar- is expected.

view of the

The group believes output will rise by 2 per cent this year, compared with the 1 per

cent predicted by the Treasury

independent forecasters at the

turn of the year.

the consensus

This upward revision reflects

the tone of mild optimism which

The improvement in receipts

could become a decisive factor if the societies soon find themselves in a position to consider that net inflow of savings into reducing interest rates. The the societies continued to re- clearing banks cut their base rates by half a percentage point to 14 per cent two weeks ago.

Interest rates are likely to be discussed at this week's meeting of the council of the Building Societies Association, though no immediate decision

Brokers predict 2% growth in output

UK's Laing and Cruickshank cites

by the new economics unit of and the effects of a fall in the about £1bn of job creation.

brokers Laing and Cruicksbank exchange rate last year as the measures and either a 21

recovery will remain "fragile

in the absence of a substantial inflation.

also expecting slightly improved reduced.

stimulus to demand, and Either option would result in suggests that growth could tail a higher public sector borrowing requirement—which would result in grequirement—which would result in the state of the state of

societies only at their regular monthly meetings, but in the face of intense competition from the banks they appear out to prove that they too can react rapidly to market changes, and a special meeting could decide on new rates if competitive rates fall

The societies face another difficult year, with National Savings continuing to draw off volumes of funds which might otherwise have found their way into society accounts.

Capel argues for a mildly re

flationary Budget, in its "UK Economic Assessment," with

percentage point cut in value

added tax or a decision not to

raise excise duties in line with

nearly 20 per cent in London Ratepayers' contributions to housing revenue a counts for 1981-82 totalled £432m; about £100m more than the govern ment forecast. Accounts of 50 councils show a surphis which means money can be transferred to the sie fund

to subsidise ratepayts.

Apart from to threeLendon boroughs f Hilling. don, Kingston, and Havering

council of providing a council house in 1981-82 a £18.36 a week (£30.55 fr London boroughs). Of his, £11.48 (£12.67 in London is financed by rent income including

1980-81

The brokers James Capel is be about £12bn if VAT were However, both £269.84m in 981-82. "Housing Evenue Account Statistics 1981 & estimates, £12; growth this year of about 1.6 per measures would help to reduce cent and a reduction of inflation the Retail Prices Index as well. measures would help to reduce from the present 12 per cent to as providing a stimulus to out-CIPFA, I Buddingham Place,

an annual rate of 9.5 per cent put and employment, Capel In the first issue of its new by the end of the year. says. Government unlikely to drop BA share sale Bethell in

A CAUTIOUSLY more optimis Economic and Monetary Review,

prospects for this year is taken improved productivity figures

in its latest review, out today. main encouraging factors:

The group believes output

However, it believes that the

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE APPOINTMENT last week ment from its long-term ambltion to self British Airways sbares to the public.

Ministers acutely are embarrassed that they were unable to save Laker in a week when they raised BA's overall borrowing limit from £16n to £1.2bn and its annual external financing limit by £53m to £154m, to help pay for 9,000 redundancles being made by the

But preparations for BA's within at least the next year.

This is because of the air- and perhaps the Department in working practices either of receivers at Laker Airways line industry's poor state world- of Trade, it seems unlikely to already made or being sought; is unlikely to deter the Govern- wide, and BA's own poor casb position, rather than any backwash from the Laker collapse.

Sir John King, BA's chair- another beavy loss, perhaps of man, and Mr Roy Watts, deputy about £100m, is openly forecast chairman and chief executive, for this year. bave asked Price Waterbouse, the chartered accountants, to study the airline's financial situation, and to make recommendations for its essential capital restructuring in preparation for the sale of shares to the public.

This study is still in progress, and it is not known whether privatisation continue, although any details will be published. As this is unlikely to be achieved it is an internal document,

be revealed wholly. In 1980-81, BA incurred a line round. pre-tax loss of £141m, and Much will another beavy loss, perhaps of there is a major upturn in world.

This is because of the continued low level of world air travel, and the need to finance the redundancy programme, which will cost more than

£100m in severance payments. Britisb Airways is still budgeting for a profit in the new financial year starting on April 1.

But it remains to be seen it is an internal document, whether the redundancies Europe, will be introduced this intended for top management already made and the changes spring.

will be enough to turn the air-Much will depend on whether

air travel conditions this year. The situation will be improved by the increases of np to 15 per cent in Atlantic air fares, which come into effect this spring. These were agreed among the airline members of. the International Air Transport Association before the Laker collapse.

It is uncertain whether any further rises in fares on other routes, for example in Western

Lord Bethell, Conservative Euro-MP for North-West London, says be is entitled to damages for allegedly being overcharged by Sabena for a flight to Brussels. No date has been fixed for

worth, London. Lord Bethell estimates he has heen overcharged at least

He is taking the European Commission before the European Court in Luxembourg in April, alleging that it has falled to break up "illegal cartels in civil aviation which allow airlines and some governments to fix high air

fares in Europe."

The receiver's philosophy, by the new man at Laker

BY JAMES MCDONALD

is devising a means of going ing companies to avoid receiver-broke that I have not thought ship than in conducting of. It may take a lot of effort, receivership itself."

but will they do it."

Mr Mackey, a partner in Ernst
So writes Mr Bill Mackey, and Whinney, chartered
one of the receivers appointed accountants, lists some indicabe published this month.

special assignments departments of accounting firms results. -sometimes known as the

on Friday to take over the tors that raise his suspicions.

affairs of Laker Airways, in
Managing for Profit, a book to and publicity, 1 am suspicious of a company that files its On the bumane side of a accounts late, or a listed com-receiver, Mr Mackey writes: pany that postpones the date on which it is due to announce its

Aeronson Bros. Crescent Japan Inv. Tst. Ladies Oride Duterwhar Machierson (Donald) New Tukyo Inv. Tst. Inkeriusi Amstrad Consumer Products

WEDNESDAY FEBRUARY 10

COMPANY MEETINGS—
Elson and Robbins, Domestic Industrial Pressings Ltd., Comminary Road, Illustron, Derbysi're, 11.00
Llyds' and Scottist, 3/8 Chesterheid 'Hill' W., 12.00
Managament August and Music. The

W. 12.00

W. 12.00

Managament Agency and Music. The Hendon Half Roles. Ashley Lane Hendon, NW. 12.00

Sotheby Parke Bernot Grp. 34-35, Herr Bond Street. W. 4.30

Sperat (C.A.). 54 Westcombe Hill. Greenvilch, 3.00

Westland Aircraft. Hyde Park Hotel, Knightsbridge. 5W. 12.00

BDARD MEETINGS— Finals: General Cons. Inv. Tat. Loaderflush

Crouch Gro. Guildhall Prop. Guildhall Prop.

"AT THIS very moment the 'coffin and shrouds' depart- complacency with which finan- or 30 bankers from all corners management of some company ments—spend more time help- cial commentators regard these of the world, each scratching events.

pany operating internationally enables the borrower to play Most businesses that have one off against another, cutting fought their way through the interest rates and avoiding giving security.

But Mr Mackey points out that this "also means dealing with a consortium of international bankers if the company bas financial problems.

"If any of you has attended "I am alsway amazed at the a consortium meeting, with 20

like chickens in the dirt trying Borrowing from a range of to get more security, you will international banks by a com-realise how difficult a rescue operation can become." Most businesses that have past two years of recession

should now survive and ulti-

mately prosper, Mr Mackey says Monaging for Profit, McGraw-Hill Book Company in association with the Institute of Chortered Accountants in England and Wales, £10.50

Rome's competition rules. FRIDAY FEBRUARY 12 COMPANY MEETINGS—
Figure 10 Castors and Wheels To Excelsol Hotel, Bath Road, West Draybid Middleser, 3.00

Maxtons (G.B.) Royal Hotel, SourBOARD MEETINGS—
BOARD MEETINGS—

WEEK'S FINANCIAL DIARY

The following is a record of the principal business and financial engagements during the week. The board meetings are mainly for the purpose of considering dividends and official indications are not always available whether dividends concerned are interims or finals. The sub-divisions shown below are based mainly on last year's timelable.

PODAY MEETINGS. Finals: Broadstona Inv. Tst. Lancashire and London Inv. Tst. Manchester Ship Canal UC Investments Home Farm Products

MOME FARM PRODUCTS

BIVIDENIA & HHTEREST PAYMENTS—
Eaker Perkins Hidgs. 2.10
Bassett (Gro.1 Hizgs. 10
Borthwick (Thomass 0.01)
Bolmer (H. P.) Hidgs. 2.94p
Burroughs Corp. BScts
Oubillier 0.8954p
Hapoalim Int. Gdd. Firg. Rate Notes 1983
\$1017.19
Hujetts Corp. 12.466293u S1017.19
Hulette Corp. 12.466293u
int. Flant 2u
May and Hassell 1.30
Murray Caledonian Inv. Tsl. 1.50
Paterson Jonks 0.825u
Reed Int. Ilbs. 33n1990-95) Spc.
Russell Bens. (Paddington) 1.250
Tongast Corogram 11cis

TOMORROW
COMPANY MEETINGS—
rehimedes Inv. Tst., 37 Outen Street, rchimetes Inv. 75L. ... EC. 12.30 EC. 12.30 Brick. Mirland Hotal, New Jasopridas Brick. Mirland Brick. Mirland Hotal, New Jasopridas Brick. Mirland Bric EC. 12.30
Bassioridga Brick. Miriland Hotal, New Street, Birmingham 12.30
Berns-Anderson, St. James Club, St. James Husse. Charlotta Street, Manchester, 12.00
Ishquard and Rosslare Railways and Harbour, Eversholt House, 163-203
Eversholt Street, NW, 12.15
NSS Newsagents, Ryde House, Chobham Road, Wuking, Surrey, 2.30
News Bythet, Hidgs, Blue, House, Washingston, Type and War, 2.30
Iomikinson, Carpets, Duke Flace, Kidderminster, 12.00

DIVIDEND & INTEREST PAYMENTS DIVIDEND & INTEREST PAYMENTS—
American Express SSCIV.
Baggeridge Brick 2.5p
Burgs-Anderson 1.4p
Fehner (J.H.) Hidgs. 5.37p
Greater London 121pp 1983 61pp
James Maurice) Inds. 0.5p
Malavsia (Govt. of) 71epc 1978. BZ 31pp
Marsh and McLennan Cos. Inc. 50cts
Private Inv. for Asia Fits. Rate Notes
1986 SS03.13 BDARD MEETINGS— Finals: Aaronson Bros. Crescent Japan Inv. Tst.

THURSDAY FEBRUARY 11 THURSDAY FERRUARY 11
COMPANY METTINGS—
Davenports Grewery Hidge. (Birmingham),
75 Harburne Road, Birmingham, 12.15
Hickson and Welch. 140, Ruckingham
Palace Road, 11.30
Sidlaw luds. Netheruate Centre, Bundes,
12.00
Stephane Hidde. WUITININGTON (A. J.)

DIVIDEND & INTEREST PAYMENTS—
Archimodes Inv. 1st. Inc. 4.30
Electric and General Inv. 1.05u
Marling, Inds. 0.47g
Marrill Lyach Oversoos Cap. N.V. Gtd.
Figs. Rate Notest 1987 5151.67
Scottish: Inv. 1st, 2.9u
Sylone 3.50
Technology Inc. 1st. 1.60
Togichsons Capets 39

WEDNESDAY SERBILADY 10 Stanhouse Hidgs. Central Hotel, Gordon Street, Glasgow, 12.00

Mantyre Tea Hidgs. 20 Priss Buildings and Eng. Appliances 0.50 harterhouse Japhet Dut, Finance 8.V. Gtd. Fits. Rota Browery Hidgs. (Birmingham) Javesports Browery Hidgs. (Birmingham) Spc NSS Newsagents 2.4p Turnboll Scott Hices. 3o Westland Aircraft 4.5p

ADARD MEETINGS-

Finals: Hamilton Oil Great Britain Imperial Grp.

er Plata and General Inv. Tst.

Diverports Brewery Hidgs. (Birmingnam) 3.1350 Guinness (Arthur) 3.325p. Do. Los. 3's

DIVIDEND & INTEREST PAYMENTS

Wagon Finance

RIVIDENII & INTEREST PAYMENTS—
Ballav (Benl. Construction 0.56e
Braham Miller Gra. 0.5g.
Brown (N.) fur. 2p
Saledonian Assoc. Chemas 2p
Saledonian Assoc. Chemas 2p
Saledonian Assoc. Chemas 2p
Saledonian Assoc. Chemas 2p
Saledonian Assoc. 2p
Elliott Gra. of Peterborough 0.5p
Greene Ring and Soc. 2.4p
Greene Ring and Soc. 2.4p
Hanover Inv. Hidgs. and N.V. 0.7p
Hanover Inv. Hidgs. 5.57p
Middle Witesternard (Western Aras)

Need to get your staff to work?

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accounts varies significantly between anthorities. Katepayers' contributions meet about 1 per cent of housing expenditure by English shire districts, compared with

they are all Engish shire districts. The average ost to a

The number of tenants receiving appliance from councils and the Social Security Department is about 80 per coul ligher than in-

The income generated by interest on ales from council houses is estimated at

court move on Sabena

By Raymond Hughe, Law Courts Correspondent EURO-MP Lord Beftell will begin another state in his fight against high European air fares today:

At 11 am he and hit lawyers personally will selve the London manager of Sabena, the Belgian airline, with a county court summons claiming £50 damages.

hearing the case at Wands-In six years as a Euro-MP.

£5,000 on flights to and from

Backed by the Government, Lord Bethell will say that the commission should have taken action against some airlines for infringing the Treaty of

BASE I

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APPOINTMENTS

Fall in oil prices expected to be short-lived

BY RAY DAFTER, ENERGY EDITOR

THE FALL in oil prices may be ing hidden discounts—extended iblished in London today. Stockbrokers Phillips and tract rates.

Drew expects rising demand in the second half of this year to page the way for average increases of \$2.50\$3 a barrel at the beginning of 1983.

Saudi Atabia would try to maintain the \$34 a barrel reference price for its Arab Light crude oil in spite of the current slack market and price reducgions by producers such as the UK. Mexico and Iran. The Saudis would try to do this by cutting production.

Philips and Drew says producers of both beavy and light crude oil would continue cutting prices to bring them more in line with the Arab Light reference price.

Within the next two days, British National Oil Corporation is expected to tell other oil companies that UK prices are being lowered by \$1.50 a barrel to a reference level of \$35. Norwegian producers are likely to follow suit.

Mexico, another leading producer outside the Organisation Petroleum Exporting Countries last month cut the price of its Maya crude by \$2

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lean is reported to have frimmed \$1 from its prices with effect from last Friday. This gives an official price of \$33.20 their customers that the barrel for light oil and \$31.20 increases would have to be

short-lived, according to a credit deals, barter arrange-report on the world oil market ments and subsidised freight costs-to maintain official con-

> Sue Cameron writes: The reduction in North Sea prices is not likely directly to affect pump petrol prices, mainly because the latter have been sliding downwards for months. Since the stert of this year. the everage price of a gallon of four-star bas dropped from 166p to 155p-156p. The big petrol companies are being forced to compete with small independents which have been importing products cheaply from the Rotterdam spot mar-

Major refiners thronghout Europe have been losing money heavily because of reduced demand for nearly all oil products, overcapacity and tum-

In the UK, the majors are spending substantially on aub-sidies for their petrol dealers. Shell, fo rexample, is paying £2m-£3m a week. The big companies believe pump prices cannot go much lower.

If they are right, the \$1.50 cut in North Sea crude prices will reduce their costs. Industry experts, however, think the lowering of crude prices will be insufficient to put some of the petrol majors back in the black. When crude prices were rising

their customers that the increases would have to be for heavy crude, on the basis passed on in higher product prices. The success of their A number of Middle Eastern campaign could backfire now and African exporters are offer-

Texaco may pull out of £1.5bn North Sea project

Alwyn oil and gas field in the North Sea. The U.S. based company, which is facing un-expected bills in its trouble-

the French companies Total and investment load in the UK. Its Elf—various arrangements for proceeding with the field development. It is understood which has so far cost £250m, is development. It is understood expected to need the injection of the theoretic include the discontinuous control of the first the continuous include the discontinuous control of the first three continuous control of the first three continuous control of the first three control of three control of the first three control of the first three control of three control of three control of three control of the first three control of three control posad of Teraco's stake in the field er a farm in licence change in which another company would carry a proportion of the development costs in exchange for a share in the

Texaco said at the weekend that various possibilities were being considered. It was concerned that the issue should not impede a speedy development of the field.

TEXACO is considering pulling east of the Shetland Islands. out of the proposed £1.5bn Texaco's 3/4 concession could North hold up to 15 per cent of the recoverable reserves, according to industry reports.

Stockbrokers Wood, Mackenzie that total recoversome Tarkan Field, is con-cerned about its cash flow. able reserves in North Alwyn could be between 130m and As a result, it has been dis. 150m barrels of oil and 250bn.

The company has said that the "unexpected variability" of Tartan's reservoir had complicated production plans. Underwater well systems are to be installed to boost Tantan's disappointing production.

.The company is also expected to spend a further £250m on developing its block 14/20 dis-covery—likely to be called the Sail Field. Texaco is also involved with Gulf Oil in a The field straddles two blocks. £400m project at its Pembroke -3/4 and 3/9-about 100 miles refinery in south-west Wales.

Engineering fares badly from competition

BY WILLIAM COCHRANE

competitive market, the Federa- in October 1981. tion of Civil Engineering Con-

tractors reports today. In its first 1982 civil nginering workload survey, the FCEC says that the latest picture to emerge for companies

A.B.N. Bank

Allied Irish Bank

MEDIUM TO large civil of activity. Very large groups engineering contractors are have maintained their position still faring badly in a keenly compared with the last survey

However, medium to large companies stili report an overall downward trend.

The relative improvement in workload has given some relief. Yet medium- to large-sized civil employing up to 500 workers is engineers are still shedding one of slight relative improvement, but from a very low level the FCEC.

BASE LENDING RATES

American Express BR. 14 %
Amro Bank 14 %
Henry Anabacher 14 . %
· Arbuthnot Latham 14 %
Associates Cap. Corp. 15 %
HANCO DE DIDAO Xº 40
BCC114 %
Bank Hangalim BM 14 %
Bank Leumi (UK) plc 14 %
Book of Cuprus 14 %
Bank Street Sec. Ltd. 154%
Bank of N.S.W 14 %
Banque Belge Ltd 141%
Banque du Rhone et de
la Tamise S.A 141%
Paralage Bank 14 %
Beneficial Trust Ltd 15 %
Beneficial Trust Ltd 15 % Bremar Holdings Ltd. 15 %
Bristol & West Invest. 15 %
Brit. Bank of Mid. East 14.%
Dire Dune of the
Canada Perm't Trust 141%
Castle Court Trust Ltd. 14-% Cavendish G'ty T'st Ltd. 15-% Cayzer Ltd. 14-%
Cavendish G'ty T'st Ltd. 151%
Cayzer Ltd 141%
Cedar Holdines
Charterhouse Japhet 141%
Choulartons 141% Citibank Savings 114%
Citibank Savings 114 %
Clydesdale Bank 14 %
C. E. Coates 143%
Consolidated Credits 14 %
Co-operative Bank 214 %
Corinthian Secs 14 %
The Cyprus Popular Rk. 14 %
Duncan Lawrie 14 %
Eagil Trust 14 %
Eagil Trust 14 %
E.T. Trust 14 % Exeter Trust Ltd. 15 %
Exercit Must Life, 10 10
First Nat. Pln. Corp 17 70
First Nat. Secs. Ltd 17. %

Robert Fraser 14 %
Grindlays Bank 114 %
Guinness Mahon 14 %
Hambroa Bank 14 %
Heritable & Gen. Trust 14 %
Hill Samnel 14 %
Hongkong & Shanghai 14 %

Trade Dev. Bank 14
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INSURANCE

Debate on immunity at Lloyd's continues

THE BILL of Parliament for improving self-regulation in the Lloyd's insurance community made alow progress last week. More parliementary time has to be found for considering severel amendments to the Bill because the business was not completed in a three-bour debate on Wed-

Although the Bill was delayed

last week, it is still likely to receive considerable support from both sides of the House of Commons in later readings. But opposition to the Bill is being lobbied in the House of Lords by those who oppose en immunity clause in the Bill, which will grant a new Lloyd's council protection from law suits for damages from its members, and by opponents of the divestment clause, which requires that brokers sell off their

shareholdings in Lloyd'a under-

writing interests. The issue of immunity for Lloyd's was fully argued in last week's parliamentary debate. Mr Michael Meacher (Lab, Oldham W), who chaired the Commons committee which reviewed the Lloyd's Bill, told the House that the immunity clause limits the restraint on suit in several important ways. The clause, which he said had originally "gone extremely wide," is now confined to members of the Lloyd's community, not

Mr Meacher added that the immunity is limited "only to actions for dameges, so that even members of the Lloyd's community can epply for the remedy of judicial review. There is no restriction where there is liability for death or personal injury or where bad faith is involved, although I appreciate the problem of proving that,"

policyholders.

The most powerful attack on immunity for Lloyd's wes made by Sir Charles Fletcher-Cooke (Darwen). He argued: "In spite of the whittling down of the original form of the clause it exempts the society [of Lloyd's] from actions for negligence, however gross that

"That is a strong measure. It exempts the society at the suit of not only existing members of Lloyd's and other people on the . fringes of Lloyd's but persons who might want to become members and people who have tried to become members and failed. The matter is not merely in-ternal for Lloyd's."

Mr Reginald Eyre, the under secretary of state for Trade, sald: "It is a fundamental principle of Lloyd's operations that members have individual and unlimited liability for the risks that they accept. If they were encouraged to think that litigation against the regulatory authority would give them a chance of access to the central funds of Lloyd's es a society, that fundamental principle would be undermined and the character of Lloyd's would be radically changed."

At this late stage a new argument has developed outside Parliament among members of Lloyd'a. Those who accept that immunity is important for a new Lloyd's council to take action against the 4,000 individuals who work in the market as brokers and underwriters say that it is important to protect the interests of the 16,000 members who do not work at

Lloyd's says it mey have to take action speedily and effectively against brokers and underwriters operating in the Lloyd's market in the future. Hence the need for a form of

Most non-working members accept that ergument. They now feel that Lloyd's, while prevent-ing vexations litigation by the working members in the form of suits for damages, should allow the option to seek legal redress in the courts for the non-working members, who pro-vide the capital to allow the market to function.

Their interests, they say, could be mishandled in the future by a new Lloyd's council and they should be allowed to seek full legal relief.

Attempt may be made This week in to release Thames Barrier equipment

BY NICK GARNETT, NORTHERN CORRESPONDENT

UNION representatives said yeaterdey that they expected an attempt to be made today to load a vital piece of equip-ment for the Thames Burrier in defiance of the three-mooth strike at Tees Dock.

Companies involved in the construction and shipporent of the equipment—part of the gate mechanism for London's flood control system — have consistently been denied dispensation to allow the piece to be loaded on to a barge for shipping. The equipment bas been The equipment has been trapped at Teesport by the strike involving 535 dockers. Its

release is crucial to the timing of the harrier's completion because special lifting machinery needed to hauf the equipment in place is thought to be on very tight time-restricted leasing errangement. The dispute, over pay end

productivity, has been made official by the Transport and General Workers' Union. The atrike committee decided at the week-end not to put, at he was not sure how s least for the time being, the an attempt would employers' letest offer of 6 per circumvent the strike.

yesterday that a successful altempt to move the equipment would result in a call to spread the strike to the whole of the Tees and Hardepuol Port If that succeeded, stewards would seek a natiunal duck strike because the issue

cent linked to productivity

improvements, to the workforce. Mr Jim Yates, a stevedore at

Tees Dock and secretary of the local TGWU branch, said

was fundamental to the maintenance of the national dock labour scheme. Picketing of the dock estate where the gate mechanism, con-structed by Cleveland Offsbore.

has been trapped was due to begin late last night. A separate company, though, ls responsible for luading the

Mr Yates said the dockers had the support of shore riggers, who would normally be involved in barge loading. Therefore, he was not sure how successful

Plessey workers decide to continue Bathgate action

BY MARK MEREDITH, SCOTTISH CORRESPONDENT

WORKERS at Plessey's capacitor fectory in Bathgate, near Edinburgh, decided at the weekend to continue their sit-in despite having received a court injunction to leave the plant.

Plessey announced late last year that it wanted to close Bathgate operations in March because of unprofitability and the falling demand for capacitors. The closure meant about 330 redundancies.

Mr George Wilson, works convenor at the plant, said vesterday thet the occupying force voled on Saturdays, to continue: The workers were determined to save their jobs.

reclaim its factory. Mr Wilson would not speculate on whether his workers would stay in the plent till

Plessey's the situation. Most of the workforce are women and shifts of workers have gaken over the plant's admiinstration offices. Mr Wilson said morale was

good but there was considerable bitterness over Plessey's leck of coosultation about the closure. and about intimidating tactics used against workers.

He said that injunctions had workers occupying the plant but also to an apprentice who had not been asked to take part in

Many women facing redundancy at Plessey have husbands or sons picketing at the nearby Levland Vehicle truck plant The next move is now up to nearby where strike is under Plessey, which will bave to esk way to protest ageinst British for further legal action to Levland restructuring plans. Plessey hes asked workers to

return to their jobs and complete orders for the closure. The company said it wants to police forced them out. He said return equipment to Italy where they would continue to review it was made.

Invergordon sit-in ends

BY MARK MEREDITH IN EDINBURGH

smelter in the Highlands, closed by British Aluminium at the year eod, decided at the weekend to end their sit-in after agreement on redundancy terms. The 890 workers sat in after the sudden elosure announcement, to demand more redundancy pay, or efforts to keep the

plant open.
About 600 other jobs releted to operation of the smelter were affected by the closure. The depopulated Highland Region has led to Scotlish Office efforts to

find a new buyer for the mill. Two companies are thought interested in Invergordon, including the U.S. Alumax, of which Mr Ian MacGregor of

weak market for aluminium, Highland officials consider it a buyer's market. Finding the right terms for sale has been difficult. The Royal Bank of Scotland

But partly because of the

has confirmed thet it held talks with the Highlands and Islands Development Board about a possible role to fund a reopeniog. Tory politiciens in Scotland

vastating effect on the spersely-hope that a solution can be populated Highland Region has found before regional elections in May.

Brilish Aluminium will want to maintain an interest in the plant, as alumina for its two amaller smelters at Fort William and Kinlochleven are British Steel is a former chair- supplied through Invergordon.

Stable workers 'exploited'

W1, £1.)

STRONG CRITICISM of stable. Half claimed to work more than owners for exploitation of 41 hours a week. grooms has come from the Low (Closing the Stoble Door,

A report by the unit calls for he British Horse Society to hold an inquiry into wages and conditions of the 20,000 grooms, most of whom are young women. It says that the inquiry should include representatives

of employers and grooms. Case atudies show that employers often regard membership of the National Association of Grooms as a cause for dismisaal, or for not hiring a

Half the grooms interviewed earned less than £30, and one in ten less than £10, a week.





ID.E.A. office, Civic Centre, FREEPOST, Scunthorpe, South Humberside DNI61BR. Company

F.T.7 For further details contact: Ian M. Hutchison, C. Eng., DipLP, MUMUNE, M.R.IPL Industrial Development and Enterprise Agency, Civic Centre, FREEPOST, Scunthorpe, South Humberside DNI6 IBR. Telephone Scuntborpe (0724) 62141 Ext 251. Telex 527733 Scubor G.

Parliament

TODAY

Commons: Employment Bill, second reading.

Lords: Industrial Training Bill; Reserve Forces Bill, com-mittee; Shiphuilding Bill, committee; Antiquities Bill, second reading; Debute on EEC Report on Annual Account of Banks.
Select Committees: Foreign Affairs: Subject—Caribbean and Central America: British Approach to Stability, security and development. Witnesses: and development. Witnesses: Ambassador of Nicaragua, Mr Ruberto Espindola, School of

Social Science, Bradford University (Room 6, 4.30 pm). Energy: Subject — Combined Heat and Power. Wilnesses: Iferz and McCallan: Chemical Industries Association, Paper and Board (Room S. 4.30 pm). Public Accounts: Subject-

University Grants Committee. Witnesses: Sir James Hamilton, Department of Education and Science: Dr F. Parkes, Univer-sity Grants Committee (Room 16, 4.45 pm).

TOMORROW Commons: Transport Bill, second reading Lords: Transport (Finance) Bill, second reading. Aviation Security Fund Regulations. Shops Bill. Question on per-

socal savings and housing markets. WEDNESDAY Commons: Rate Support Grant Order (Scotland) and Housing Support Grant Order (Scotland) Harbours (Scotland) Bill, second

reeding.

Lords: Debate on problems of local rates and impact on ratepayers. Dehate on Bahai's in

Select Committees: Defence: Subject-Ministry of Defence Organisation and Procurement Witnesses: Joint Review Board Advisory Committee; Defence Maoufacturers' Association Room 15, 10.30 am).

Education, Science and Arts: Subject-Department of Education and Science-Expenditure plans for 1981-82 and subsequent Witness: Sir Keith Joseph (Room 6, 10.30 am),

Scottish Affeirs: Subject-Rural Road Passenger Transport and Ferries in Scotlend. Witnesses: Scottish Transport Group (Room 5, 10,30 am), Welsh Affairs: Subject-Water

in Wales. Witnesses: Trades Union Congress, Weles. and Netional Farmers' Union of Weles (Room 18, 10.30 am). Home Affairs: Subject-Police complaints procedure. Wit-nesses: Metropolitan Police, Police Superinlendents' Associa-

tion (Room 8, 10.45 am). Public Accounts: Subject-Sales of shares in British Agerospace, postponement of pay-ments. Witness: Sir Peter Carey, Permanent Secretary, Department of Industry (Room

Social Services: Subject-The age of retirement. Witnesses: institute of Personn ment, Association of Consulting Actuaries, Feculty of Actuaries and Institute of Actuaries (Room 17, 4.15 pm).

Transport: Subject - Transportation in London. Witnesses: Home Office officials (Room 17, 4.15 pm). Employment: Subject-Manpower Services Commission cor-

orete plan 1982-86. Witnesses: MSC (Room 8, 4.30 pm). THURSDAY Commons: Dehate on Overseas Development on Opposition

Lords: Reserve Forces Bill. third reading. Shipbuilding Bill, third reading. Deer (Amendment) Bill. New Towns Bill, second reeding. Debate on construction of factory workshop units for small businessmen and the role of local authorities.

Select Committee: Agriculture: Subject—Less favoured areas. Wilnesses: UK Agriculture Departments (Room. 16. 11.00 am).

Social Services: Subjectcuts and medical services.

Low Poy Review No. 7. Low Poy Unit, 9 Poland Street, London University Grants Committee

APPOINTMENTS

Senior partner at Rowe and Pitman

Mr A. D. Hurst-Brown, senior pointed Mr David Evans as the partner, and Mr A. D. Davenport director for the South Wales will be retiring from the partnership of ROWE AND PITMAN, stockbrokers of Annual 18 Mr Y R Schwarzt has been stockbrokers. stockbrokers, on April 16. Mr P. S. Wilmot-Sitwelt will become senior partner on that date,

Mr Stuart Johnson has resigned as managing director and deputy chairman of KIRKBY CENTRAL GROUP.

Mr Brian Eames has been promoted to the post of managing director of TIBBENHAM PR, a subsidiary of the Tibbeoham Group. Following the appointment to the board of Mr James Kirkealdy, Mr Ken Land has been confirmed as finance director.

Mr Eric Epson will be retiring as chairman of the GATWICK AIRPORT CONSULTATIVE COMMITTEE when bis present term of office expires on March 31. His successor will be Mr

Robin Clarke, who wes manager of Crawley Commission for New Towns until 1978 and chief executive of the Commission for New

Mr Peter Seales, chief execu-tive of the SEA FISH INDUSTRY AUTHORITY from March 1. He will succeed Mr Charles Meek. former executive chairman of the White Fish Authority, who is retiring. Mr Seales was International marketing director of Ever Ready Holdings.

Mr John Fingleton has been appointed e director of SHAND-WICK CONSULTANTS. MORGAN GRENFELL & CO.

well a coosultant to Morgao Greowell a consultant to Morgan Grenfell Property Services.

ITALIAN INTERNATIONAL BANK Londoo states that Mr Nicholas Beresford-Jones is resigning from the hoard of Samuel Montagu & Co. and as a count response of Midjoint mabaging director of Midland Montagu Asia on February 28 and will join Italiao International Benk on that date as senior manager respossible for the Far East and Australasia. Italian International Bank is a wholly owned subsidiary of the Manager and Australasia. Monte dei Peschi di Siena Banking Group.

GROSVENOR COMMODITY Miss Jeynee Graham as fioancial controller.

The NATIONAL COUNCIL OF THE FEDERATION OF THE FEDERATION OF MASTER BUILDERS has ap-

Mr J. B. B. Stewart has been appointed a director of NORTH BRITISH CANADIAN INVESTMENT COMPANY.

Mr E. P. Harding and Mr B. A. Atkins bave been made directors of BANBURY HOMES AND GARDENS. Mr Harding is sales manager for the Banbury Improvements and Windows operations and Mr Aiklus is com-mercial manager of Banbury Gardens operation.

BIGGS WALL & COMPANY
has made the following appointments: Mr David Follogs, chief
estimator, has joined the management hoard as a divisional
director, technical services, and Mr Cbris Hardy hes been ap-pointed plant director.

Mr H. W. Francis will retire as director of the BRITISH IN-SURANCE (ATOMIC ENERGY) COMMITTEE and ASSOCIATED INSURERS COMMITTEES on

Mr C. J. Rix, manager, has been appointed to succeed Mr Francis as director on July 1.

LOMBARD INSURANCE COM-PANY (UK) has appointed Mr Michael Bright as deputy general THE LESSER GROUP bas appointed Mr A. N. (Nick) Light. group maneging director. He joins the company from Peotos

where he was controller of the tradiog divisions. Mr N. S. Fosb bas succeeded

Mr R. J. Barnes as chairman of LOMBARD TRICITY FINANCE. PLYSU bes appointed Mr M. J. Summerlin and Mr M. V. S.

Macintyre to the hoard. Mr Jeff Callaghan has been appointed an executive director of INSECT-O-CUTOR.

MERSEY DOCKS AND HAR-BOUR COMPANY has appointed Mr Trevor Furlong as port services director: Mr Frank Major as cargo operations thrector; and Mr Bernard Cliff as persoonel director.

SPECTROL RELIANCE, Swindoo, has appointed Mr Fred Welfare as marketing end production planning director, end Mr Alan Benfield as manufacturing director.

U.S.\$50,000,000

CAISSE CENTRALE DE COOPERATION ECONOMIQUE

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CREDIT LYONNAIS (London Branch)

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Deposits of £1,000-£50,000 accepted for fixed terms of 3-10 years. Interest paid gross, half-yearly. Rates for deposits received not later than

INTEREST 13 13 13 13 13 13 14 14 14 14 Deposits to and further information from The Chief Cashier, Finance for Industry Limited, 91 Waterloo Rd., London SEI 8XP (01-928 7822, Ext. 367). Cheques payable to "Bank of England, a/c FFI" FFI is the holding company for ICFC and FCL.

February 8, 1982

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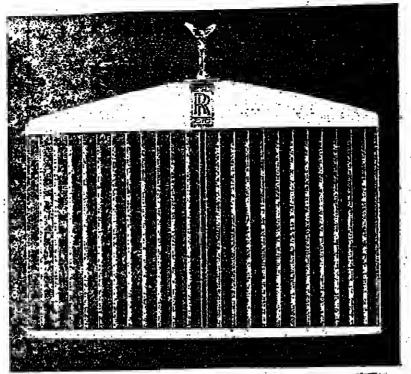
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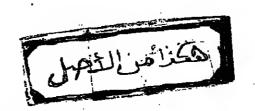


TO CONTINUE ...

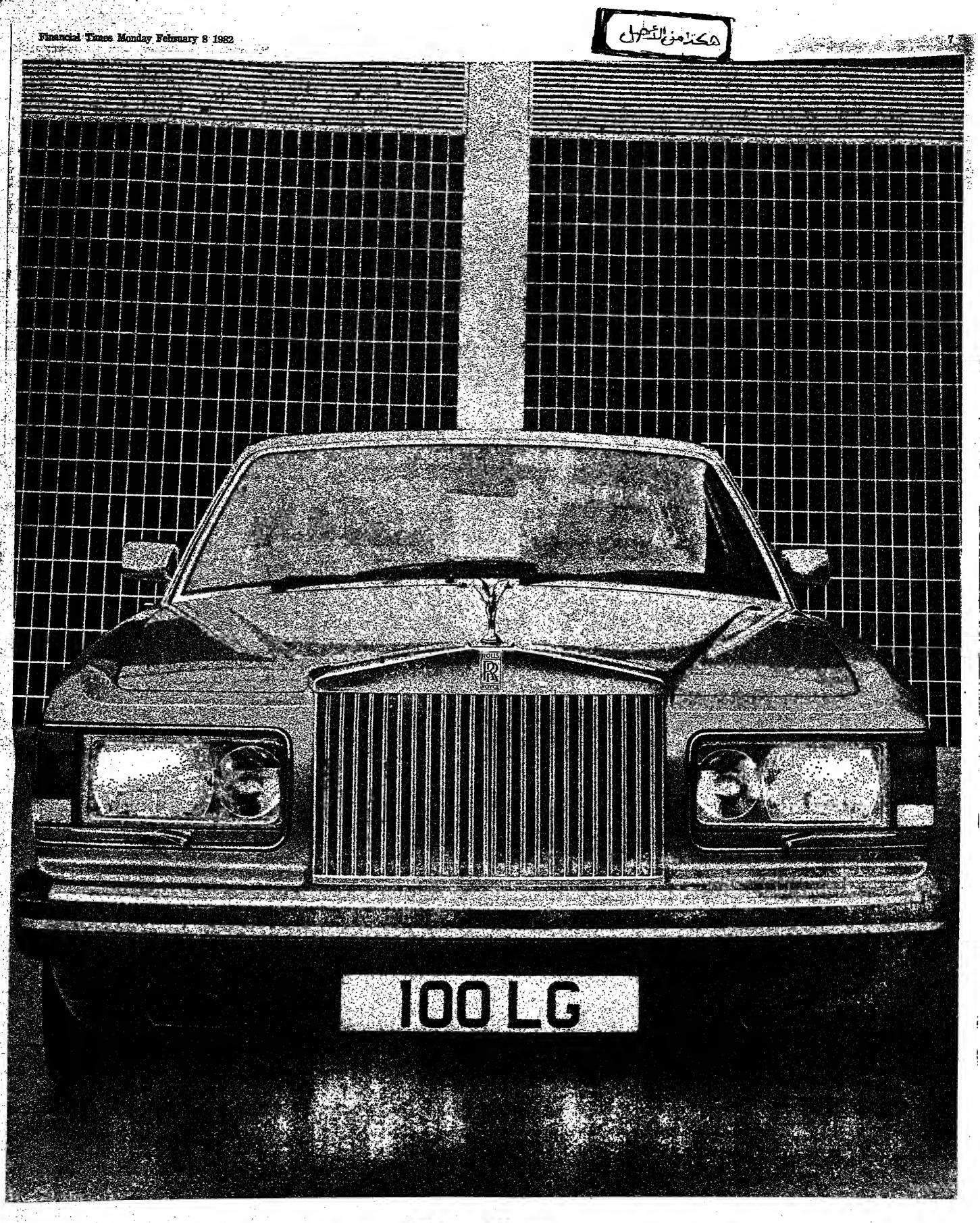
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Financial Times Monday February 8 1982

"Several years from now. it will be a textbook case of what not to do when one acquires a host of small companies to create a large office automation group. It is a classic example of having made all the mistakes you can possibly make. From the start they were attempting the impossible."

This is how Sanford Garrett, the electronics industry analyst of Paine Webber Mitchell Hutchins, the Wall investment house, describes Exxon's foray into the office equipment market -a view generally abared by other analysts of the industry.

More than a decade after Exxon started investing in information systems Industry-a move applaoded at the time as a hold and significant diversification hy the world's largest oil company but which accounts for less than } per cent of its

total sales of more than \$100hn a year - the impression is growing in the business that Exxon is having second thoughts about its venture in electronics and is preparing a phased exit out of the industry. " I give them 18 months to move out of the automated office," Garrett

THE MANAGEMENT PAGE

Exxon started buying small high technology companies about 15 years ago, grouping them under the umbrella of a subsidiary called Exxon Enterprises. In an interview some years ago, Clifton Garvin, chairman of Exxon, said: "It made sense to open what we call windows of opportunity to take risks on ideas developed by inventors. The original Idea was to pursue energy areas, but it turned out that three or lour ideas in the field of office equipment emerged that made commercial sense, and

'Quick to plan but slow to react'

so we went along with them."

On paper, at least, the diversification seemed promising. Over the years, Exxon acquired half a dozen small high technology companies. not all in the office equipment market. But those in this bosiness, including QYX, which developed the first electronic typewriter. Vydec. a maker of word processing systems, and QWIP, a mannfacturer of facsimile transmission machines, looked the most promising of all.

Exxon. in what the company now admits may bave heen a somewhat overdone public relations exercise. announced to the world it was about to take on the likes of IBM and Xerox. " At the time, everybody thought everything we did was wonderful. We could do no wrong," an Exxon official recalled. "Now, probably because we are mighty Exxon, everything we do ontside oil is regarded as a

But the problem was that Exxon, in spite of its obsession with long term strategic planning, never produced a credible overall strategy as to how these companies were to function as a group.

Exxon's other major and more recent diversification in the electrical and electronic field was the \$1.77bo acquisttion in 1979 of the Reliance Electric Company. This venture has hardly helped Exxon's public image. The

acquisition so far has been a major disappointment to Exxon and, like Exxon Enterprises, the subject of growing criticism about the company's diversification Much to the strategies. embarrassment of Exxon, the company announced last year it was dropping a much publicised energy saving device called "the afternating current synthesizer" developed by Beliance and one of the main reasons why Exxon originally decided to buy the electrical company.

The company's critics place the hlame for Exxon Enterprise's difficulties squarely on Exton's management. One critic claimed that Exxon's major mistake lay in not recognising that the real asset of the high-technologies it acquired was their entrepreneurial talent. Garrett "One of the first agrees. things they did was to drive out the entrepreneurs who could not be controlled along the lines corporate Exxon wanted." Another error, in his opinion, was the assumption that Erxon could build a strong office equipment company by simply bringing together a number of technologically disparate companies.

There have been other errors: a lack of new product development: inflexibility in a highly competitive and changing market; a preoccupation on the longer-term economic justifications of the diversification with

emphasis placed on strategic planning rather than on swift market response. Exxon has been described as alwaya quick to plan hat often slow to react. Even when the company came up with a new product, like the Vydec 4200 word processor in 1978, it had to scrap it hecause, in the words of Robert Contino, who now oversees Exxon's office equipment operations: "It had not been designed with the necessary market sensi-Our people went tivity.

2SITEV. But in the past 12 months Exxon has finally reacted. The consolidation of its office equipment businesses into a new subsidiary called Exxon Office Systems (EOS), which still reports to Exxon Enterprises but has a new and indendent management team, is the first major step in a sweeping reorganisation of Exxon's high technology ven-

Exxon's Plunge into Office Systems

~\$58m

1979

The new subsidiary has already made some major organisational changes of its own, spelled out a clearly defined policy to try to bring the husinesses in the black by the final quarter of this year and brought out a new word processor—the series 500which it hopes will be the centre-piece for recovery and

Exxon Enterprises too has been shedding some assets, selling some of the high technelogy companies it feels no longer fit into the group's strategy.

if the strategy of focusing on the office of the future succeeds it will become a textbook example of how to put a company hack on the right track against the beaviest of odds. Exxon certainly has the financial muscle to give this strategy a chance. But, right now, the cynics outnumber the optimists.

Paul Betts ponders the oil giant's attempts to diversify

Will Exxon close the office door?

Coolino sits in a gleaming new nightmare. office at Stamford, a quiet and consolidated into EOS were the leafy corner of Connecticut relics of some of the original about 30 miles north of Man-U.S. corporations have established headquarters or divisional headquarters.

But Contino is anything but relaxed. Since coming to Exxon iust over a year ago, as head of Exxoo's new office equipment subsidiary. Exxon Office Systems (EOS), he is facing a task few managers would envy... The future of Exxon's diversification into the office of the future rests largely on his shoulders.

little time. Since Exxon decided to consolidate its infor- lodeed most companies which mation processors, electronic acquire a high technology typewriter and facsimile trans- operation usually make it a top mission machine operations priority to retain the very into a new subsidiary last year with its own independent headquarters in Stamford, Contino has made sweeping changes in an effort to give these busioesses a sense of direction they have always lacked,

The new subsidiary is now independent unit Exxon Enterprises. This is the electronics division of the oll company which has been investing in several high tech-nology ventures, ranging from systems to microprocessers during the past decade.

All the companies ventures Exxon acquired in the early 1970s and they had done very little, if any, new product Contino maintains, in contradiction to Exxon's critics, that there was a surfeit of entreprencurial organisation and that this made it difficult for Exxon to devise

On the other hand, the departure of these entrepreneurs and the failure to mould them into the Exxon structure deprived the oil company of the mana-Cootino has certainly wasted arrial talent needed to develop its automated office business people who made the company in the first place.

a cohesive strategy.

Contino, with a new management team largely drawn from former IBM executives, has cleared deadwood by reducing the workforce the new company inherited from 6,000 emplayees to 4,000 and by shutting down QWIP production at the Orlando, Florida, plant and transferring it to a plant in Penosylvania which produces QYX electronic typewriters.

But the layoffs and the but which has failed dismally Orlando plant closure have to integrate them successfully. caused increasing speculation Contino, a former marketing that the moves, rather than re-

flecting a reorganisation, are signalling a retreat. This suggestion has been further fuelled newly lauoched 500 series is the by the recent decision of Exxon Enterprises to sell some of the ventures it acquired and which have not been consolidated in

the EOS subsidiary. But both Contino and Exxon Enterpriaes officials claim this in no way means Exxon is pulling out of the information business. "It is part of a reorganisation and as far as EOS is concerned. I am confident Exxon wants to stick with the business." Contino Says.

When EOS announced in December that it had set itself a target to operate finally in the hlack by the last quarter of this year, speculation on Wall Street heightened that Exxon had set its office equipment busioess a deadline-either you stop losing money soon or we get out.

But Contino contends: "This not a deadline imposed from the outside. The deadline was internally imposed by us since we recognised the need to mect a definite target." However, after a year-long reorganisation and continuing losses, the problem remains of how EOS meets the deadline.

Success or failure will depend on the company's new product and marketing strategy in a husloess which is iocrcasingly becoming a marketing poker game rather than a technological game.

cornerstone of this strategy." Cootioo says. The series 500 will act as the

springboard to a new systems oncept that will provide the base for a new generation of compatible Exxon office pro-"The next generation will no longer be stand-alone products as conceived today. They will be compatible aystema designed for the office of the future," be says.

strategy is to offer fully integratable and compatible systems with terminals which can also tion of the 500 series, EOS will he used as staod-alone products start manufacturing its own offering a hroad range of office unita later this year. applications. It is all part of what Contino calls a sharpening of product and market focus.

The future of EOS will thus initially and ultimately depend on how the 500 series fares in the market place. The information processor is generally regarded by the industry as fine a product as any currently on the U.S. market. But it is not produced by EOS.

When Contino came to Exxon, one of the first thiogs he did was to scrap two of the latest information processor systems developed by Vydec which, in his own words, had proved marketing disasters and had been conceived with no idea

information processor, and the To develop a new product from newly launched 500 series is the scratch would have taken too long. Contino thus turned to Compucorp. a Los Angeles com puter maker, which had developed and was already marketing a successful word processor. This incorporated the popular ZSO microprocessor. developed by Zylog, one of Exxon Enterprises' brightest subsidiaries which bas aet an

The Compucorp product fitted Contino's requirements though The main thrust of this designed it in part. And while Compucorp is responaible for initial produc-tion of the 500 series, EOS will

industry standard with its chip.

EOS also plans to enhance its current line of stand-alone typewriters and facsimile transmission products. But Contino gives the strong impression that Exxon Enterprises will play an increasingly smaller role in the new company's future.

Industry analysts are still sceptical. They have little to fault in Contino's longer term thinking, but they doubt be will be able to achieve the quick results which Exxon appears to be demanding.

Although EOS says it has several new products in the pipeline, the market would like some firmer evidence that these of changing market demand. He proposed new follow-up resources operations. The figure now has an integrated market-also wanted to come out as soon products to the 500 series are at also does not include the results ing force of some 800 people; "Our product strategy is as possible with a new genera- an advanced stage of develop- of Rehance Electric which which is large by industry.

ment. In any event, last year's Exxon bought three years ago standards, and is facing an in reorganisation has proved an expensive exercise. The elec-The company said most of expensive exercise. tronic typewriters, the facsimile transmission machines and the

1978

1977

53.578m

been swimming in red lnk. Contino would not disclose last year would probably top \$200m. But agalysts estimate these operations lost more than

former Vydec products bave all

Sloom last year. At the end of January, when the giant oil company reported earnings of \$5.565bn on earnings of revenues of \$115bn for 1981, it said it had lost \$113m last year from its non-energy and natural

for \$1.77bn.

-597m

1980

-5200m

1981

the losses in what it vaguely defines as "other operations" and which increased sharply from losses of \$37m in 1980from Exxon Office how much they lost except to Systems Clifton Garwin, Exton's predict that EOS's revenues for chairman, said they "resulted from one time costs associated with streamlining the organisation and disposition of obsolete invectory."

One of Contino's problems is. that he is not starting with a clean slate, but rather he is attempting to give the company new direction at the same time as digging it out of a hole, He-

creasingly tough market place as a result of the general U.S. economic slowdown with American companies, large or small. delaying for the time being at least capital spending ou office

Ultimately, the future of EOS boils down to one simple factor. Will Exton give Contino enough time to turn the sub-sidiary round? "As long as what we do makes sense, I think so." he says. Exxon is clearly rich enough to keep the nperation going. But major oil companies have become increasingly cost conscious and at times positively stingy in the face of declining earnings from their traditional oil and energy

BUILDING AND CIVIL ENGINEERING

Dow-Mac wins Iraqi sleeper order completion of commissioning, networks and in the next eight revenue from overseas, DOW-MAC Coocrete's success

in beating Japanese competition the combined sleeper capacity to pick up a near-£20m contract from Iraq represents a a year. coup worth £80m to the company over the next aix years.

The contract, to build a railway sleeper factory eight miles from Baghdad and then commission the plant to produce 24m sleepers in five years or less, represents the Norcros group's largest ever single

Norcros.

which last week announced the closure of its Hygena kitchen furniture operation, is understandably delighted at the Dow-Mac achievement and claims that the two-part contract came its way despite a substantially lower tender price from the Japaness. The new plant is to be built alongside a similar factory completed at a cost of £10m by Dow-Mac three years ago and, together, the two will represent the largest aleeper maoufactur-

will be in excess of one million

The new factory should be with the UK retail price iodex. work will be needed. This could be worth up to £750,000

are likely to benefit. Mac submitted its scheme to the world's fastest-growing railway

ready for commissioning in June 1983 and, at today's prices, the varied price contract to produce sleepers is worth £59m. The total could be more as the contract allows for actual cost of materials and price per sleeper to be adjusted to line Other Norcros companies are expected to henefit from the deal because inverhead cranes and general steel fabrication

and Jobo Smith (Keighley) and Tinsley Moulds io Darlington The work has come after about two years of talks and it was in August 1981 that Dow-

11m sleepers The Authority drew up a

> Mr Tooy Darroch, Dow-Mac pany's contract for another five managing director; said: "We won the contract because of our previous performance, the established relationships we bad with the Iraois, the service we bad given them and advances in production technology. Japanese could copy

earlier factory methods but they could not match our new methods of electrical curing. Mr Darroch said that the order should provide vitally important continuity of work for all Dow-Mac factories, and UK persoonel would be involved in commissioning the Iraqi plaot.

Dow-Mac's sleeper business New Pailways Implementation has continued to grow in recent Authority. Iraq has one of the years, with a commonplace product generating important

the office building boom, partly

because it takes looger for

commercial construction to react to high interest rates owing to the big lead times.

Some observers say this means

commercial construction could

suffer a delayed recession.

years will require an estimated existing contract in Zambia has just been extended and a contract ln Saudi Arabia bas also shortlist of two and Dow-Mac been signed. In the UK, British finally beat off the Japaoese. Rail has just renewed the comyears, involving the production of £10m worth of sleepers.

Dow-Mac is also contributing to the aucceas of Hollow Corc Systems (Mid-East), of London and Derby, which has been awarded the contract to erect and provide technical manageplant for Saif Nomao Said and Partners io Riyadh. The plaot will use Dow-Mac expertise aod designs.

This is the first private

factory of its kind in Saudi Arabia and results from the award by Railway Construction Pakistan, of Islamabad, to supply 330,000 sleepers for the Hofuf-Khurais section of the Hofuf-Riyadh direct line of the new Saudi Arabian railway to modernise the airport to ings.



Regioo fo John Laiog Construction at Luton Airport. Completion is due in the summer of' 1983. IMPROVEMENTS TO

Luton Airport enhanced pas- a year. facilities are to carried out by John Laing Construction under a £4.5m contract to rebuild and edlarge the terminal.

plan by Luton Borough Council

INTERNATIONAL CONTRACTS

give handle more than 3m passengers Due for completion in the

summer of 1983, the second larger two-storey terminal building, with a lower floor of about Work has started and forma 25.000 sq ft and mezzanines the second phase of an overall above, and phased demolition of existing timber-framed build-

The contract includes construction of a steel frame, partly through the existing building; a phase includes construction of a new metal deck roof with grp facia units, and external cladding of facing brick and bronze anodised aluminium windows. and doors. Internal works in

ctudes marble entrances. tract worth over £850,000 by: Humphreys and Glasgow for the supply of glass reinforced plastics pipes and fittings for the water intake pipelines to run from the Blue Nile in Khartoum, Sudan, to the new-Khartoum north thermal power a station. Included with this member of the French Kier order are the main power

station cooling pipes from the turbine condensers to the cooliog water pumphouse and cooling towers. Precise quantifies: are still to be determined.

GOTAVERKEN ARENDAL Sweden, has signed a contract with Wilh Wilhelmsen, Norway, to convert a semisubmersible. accommodation rig into a tender a transport system for support vessel. The rig. SSV to prog-disposal facility. Treasure Hunter, is operating by Analyst as an accommodation rig at the Brent Fleld in the British sector of the North Sea. After the conversion Treasure Hunter will be chartered to Esso Exploration, Norway. Esso are opera-tors at the Odin Field. Treasure Hunter will be installed besides the Odin production platform to provide necessay services during 62 dwellings and susdoined med works the hook up and drilling phases. Schednled installation of Treesure Hunter is mid-1983.

for Hodeidah in the Yemen. Arab Republic has been supplied by LESSER BUILDING SYSTEMS. The contract, consisting of individual bungalows and a batchelor living complex. is valued at £45,000.

New bousing accounts for aome £2m of new work and refurbishment work in London accounts for £3.3m. Among the refurbishment contracts are Kennington Tube Station and 157-159 Fenchurch Street New housing is being undertaken at Sunbury Road, Feltham, Middlesex and Elm Tree Road.

contract for work at RAF Marham valued at £3m office development for the Phoenix Assurance in Wellesley Road, Croydon valued at £2.500 and the rebuilding of Charlton

A jurther two contracts have also been received involving an additional \$500,007 rail track line from Calder to Windecala.

Two health constacts something over 13.2m — one for a generic only in alectronic and the other for an elderly content of a constact of the content of the co

Recession in U.S. and Japan

HIT BY high interest rates and locrease on the \$148.4bn 11 per cent. partly because of sharply reduced Government spending, the U.S. building industry showed little or no cial construction did better than homebuilding.

1p per month/ft2 you can have a

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Start saving now and clip the coupon.

(£78bn) of 1980, according to F. W. Dodge, the New York research company that tracks growth last year, but commer- the building industry.

Housing construction fell to a rate of 1.1m new starts, down Total value of oew construction 1.3m the year before, and tion contracts was \$150.2bn the worst rate for 35 years. But (£79hn), only a nominal commercial construction was up

Only bright spot at the moment is that the rate of construction picked up a bit in Dec-Trace Heat Pump ember as U.S. interest rates came down. But the rebound Systems save up to 65% on your heating costs! in rates in January raises doubts as to how long this can last. Many construction companies have heen driven into bankruptcy, and those that survive are only managing by offer-

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(Furnishing World),

M.F.I., Anglia

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ing cheap finance to buyers. In Jspan the huilding industry is also in recession.

Japanese housing starts in 1981 totalled 1.15m, the lowest io the 14 years since 1967 when they totalled 1.04m, according to the construction ministry.

This was down 9.4 per cent from 1.27m in 1980, and reflected sluggish domestic housing demand due to a rise in construction costs and low income gains by consumers.

Housing starts last December rose 9.1 per cent to 94,500 from 86,600 in November but were down 4.8 per cent from 99,260 a year earlier. This was lower than any other December in the past 14 years.

Cut back at plant maker INTERNATIONAL HARVES

TER COMPANY Is considering a plan to reduce by 50 per cent its capacity to manufacture construction equipment in the U.S. International Harvester's construction machinery sales were \$743m (£391m) in the year ended October 31. They reached

a peak of \$1bn (£526m) in fiscal Despite rumours that the company has already started transferring output of crawler tractora and crawler loaders to to plant at Libertyville, Illinois,

from another facility at Meirose Park, Illinois, the company says it intends to remain in the construction business.

Sugar factory in Ireland

CONSTRUCTION will be starting: within the next three months in County Cork of what will be one of the largest glucose/dextrose manufacturing plants in Europe-the If16.3m Wheat Industries project. The work is currently out to tender.

Wheat Industries is a joint venture between Fielder Gillespie, the long-established Australian wheat processing company, and the Irish State-owned chemicals and food organisation Ceimici Teoranla.

Barclays Bank in Cairo COSTAIN INTERNATIONAL formwork for in-situ waterproof reinforced concrete wall and basemeot alab. KIER INTERNATIONAL.

Group, has been awarded a con-

tract valued at £2.7m for the

construction of water supply

has won a management contract with Egyptize contractor Construction and Reconstruction Engineeriog Company, valued at £8m, to build a headquarters for Cairo Barclays International Baok.

Costain will manage the con-tract at 12 Middan El Sheikh Youssef, Cairo, for completion in early 1984. Clad in travertine marble and

red grapite, the 8.520 sq metre seven-storey building will have a ground floor main entrance, foyer and main staircase to the upper floors. From the lift lobby two 12-person lifts will serve all levels, and the remainder of the ground floor will consist of porter's security and electrical switchgear accountmodation, staff entrance and escape stairs and a service lift. A car park will house 34 vehicles.

The first floor comprises the banking hall and offices with the bank floor and public area. clerical office, staff rooms, telex. telephooe and data controller accounting rooms at second floor level.

On the third floor will be the bank floor and public area clerical office-cloakroom and conference room—and four maoagers' offices. Lettable office accommodation is available on the fourth to seventh floors.

pile perimeter as permanent

The building will be of reinforced concrete frame on driven cast-in-situ piles with a sheet

schemes at Leribe and Teyateyaneng. Leaotho, for Government of Lesotho. The 181 months work comprises wellpoint installations, intake towers, water supply mains, pumping stations, 21 km of reticulation pipelines and all

ZENITARA CORPORATION. a Japanese construction firm. has received a Y930m (£2.1m) order for the construction of a regional educational centre in Philippioes.

mechanical and electrical equipment. Consultants are

Binnie and Partners (Lesotho).

The centre will be built as part of Japanese economic assistance to the five member countries of the Association of Southeast Asian Nations Members (ASEAN). Southeast Asian Ministries of Organisation Education (SEAMEO), will be able to use

The centre will be constructed in the University of the Philippines in Quezon for completion in March 1983.

the ceotre.

REDLAND PIPES' GRP division has been awarded a con-

Crendon Industrial

Structures

TAIL TO LABOR Year and Table

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THE RESIDENCE

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Crendon Concrete Co. Ltd. Long Crandon, Aviesbury, Bucks HP18 988 Tel: Long Crandon 209461

UK CONTRACTS Lawrence wins £18m orders

-WALTER LAWRENCE has aecured construction contracts worth over £18m covering both the public and private sectors... Among these is the first phase of Lewisham General Hospital which is due to start next month and is valued at £5.9m

The company has secured a Upper School, SE7 at £1.3m.

A ESEM contract for strict works construction has been awarded to reserve BOOT CIVIL ENGINEERING by the Property Bervices Agency Within this congract, is the tonstruction of sciogle-story reinforced concrete opening to pure compressionave services. In edition, five reinforced personnel states are to be constructed. Completion is scheduled in 18 months. Henry Boot has been directled a El. On contract by British Project Field for the design and construction of a kanaport system for the Abader of metafals from the Salapaid plant to Drog disposal facility. Completion by August

-Member companies of the CART-WRICHT GROUP have been awarded building and chill angineering contracts worth over 55.4m. Largest contracts worth the first warded by Leads City Council. 16: for the construction of

ure Hunter is mid-1983.

R. MANSEL has orders worth over the majority in the private sector independent in the private sector independent contract valued at £1.1m. Is largest contract valued at £1.1m. Is like accommodation destined at 5.17 Cross Street, £61. where buildings, are being street, extended and or Hodeidah in the Yemen completely returblehed.

BBC 1

HER LOREN

5.06 am For Schools, Colleges, 18.00 Zou and Me. 19.15-12.07 pm. For Schools, Colleges, 12.36 News After Noon, 1.00 Pebble Mill At One. 1.45 Camberwick Green. One. As Camberwick Oren.

201 For Schools Colleges 340
Delia: Smith's Cookery Course.

3.25 See Hear. 3.53 Regional.
News for England (except
London). 3.55 Play School. 4.20
Winsome Witch. 4.25 Jackanory.

4.40 Playhouse. 5.05 John Craven's Newsround, 5.10 Blue Peter with Simon Groom, Sarah Greene, Peter Duncan, 5.40 News,

6.00 Regional News Magazines. 6.25 Nationwide. 6.55 Doctor Who

7.20 The Rockford Files starr-ing James Gerner. 8.10 Panorama, presented by Robert Ree, reports on the rail dispute.

9.25 Last of the Summer Wine starring Bill Owen, Peter Sallis and Brian Wilde. 9.55 Police: seriea filmed over nine months inside the Thames Valley Constabulary (Training

Recruits1. 10.40 Film 82 with Glyn Worsnin. 11.10 Big Jim and the Figaro Club starring Norman Rossington, Roland Cur-

ram and Priscilla Morgan. 11.38 News Headlines. 11.40 Speak for Yourself: "Late for Work."

All IBA Regions as London except at the following times: ANGLIA

7:20 pm Anglia News: 12:30 Monday Fran Metinas: 'Cary on Cabby,' star-ring Sidney James, Hettre Jacques and Kenneth Connor. 6:15 University Challenge. 6:00 About Anglie. 6:30 Survivas. 10:30 Anglie Reports. 11:00 The Peisce Pteanns. 12:00 Superster Profile. 12:30 am Reflection.

9.25 am Fimi Thing. 1.30 pm North.
News. 12.30 Monday Matines: "Ocubia
Bunk." Storring lan Carmichael.
Janetro Scott. Sidney James and Lir
Fraser. 6.00 North Tongott. 6.30 Cause
for Cpncem. 10.30 Monday Move:
Barbaretts." starring Jane Fonda.
12.20 am North Headlines. BORDER 1.30 pm Border News, 2.00 Frim:
The Mind of Mr. Science, starring
Terance 9 tump, 3.45 Money-go-Round,
5.15-8 ypenes, 6.00 Lookeround Monday,
0.15 Tabe 6 ound of Wout
Streenhels, 6.30 Mr and Mrs, 10.30
Thriller, 11.40 Border News Summary.

CENTRAL ...1.20 pm. Central News. 2.00 The Monday Screen Metines: "All The Way Up." starting Warren Mitchell. 3.45 Money-go-Round. 6.16 Mr and Mrs. 6.00 Central News. 10.30 Parents and Teenagers. 11.00 Central News. 11.05 Lett. Right and Centre. 11.45 Petis by Night. 12.15 am Something Offerent.

> -(S) Stereophonic broadcast # Medium wave

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THEIS

RADIO 1

S.00 am As Radio 2, 7.00 Mike Reed. 8.00 Simon Betes, 11.30 Oave Lee Travis, 2.00 pm Paul Burnett, 9.30 Steve Wright, 5.00 Peter Powell, 7.00 Stayin' Alive with Andy Peables, 8.03 David Jensen, 10.00-12.00 John

RADIO 2

5.00 am Ray Moore (S). 7.30 Terry Wogen (S). 10.00 Jimmy Young (S). 12.00 Gloria Hunniford (S). 2.00 Ed Stowert (S). 4.00 David Hamilton (S). 5.45 News: Sport. 8.00 John Dumn (S). 8.00 Edit (C). 2 (S). 9.00 Humphrey. 8.00 Folk On 2 (S). 9.00 Humphrey Lyttleton with the Best-of Jezt (S). 9.55 Sports Pesk. 10.00 Monday Movie

TELEVISION

Chris Dunkley: Tonight's Choice

The team from Not The Nine O'Clock News have clearly not lost their touch; after the first edition of the new series last week there were 200 complaints, some about the joke against America's Polish propaganda programme, others concerning the joke about Polish safe breakers ignoring money and atealing a stale roll. The team were bang on target both times. We shall be lucky if tought's programme (BBG 2) is as good.

Horizon which follows is called "Notes Of A Biology Watcher" and applicant the idea but forward by Lowic Thomas that individu-

and explores the idea put forward by Lowis Thomas that iodividuality is crucial to the way that nature works.

Police on BBC 1 deals with recruits. Within a week of joining the police show have received their uniforms and here extends

ing the police, they have received their uniforms and been sworn in before a magistrate as constables. After 12 weeks of basic training they join their first station; the first two years are probationary and for the first month they are under the guidance of an experienced sculor,

On Radio 4 (long wava) Daniel Massey starts reading a new Book At Bedtime, "Charmed Lives," in which Michael Korda surveys the life of his uncle Alexander.

E1E10	2
0 am Managing the Micro. 5 Speak for Yourself. 0 Play School. 5 Play 11 Safe. 5 Write Away. 0 pm A Child's Place.	"Come Clean," 6.00 Maggie. 6.25 Mr Smith's Favourite Garden. 6.50 News Summary. 6.55 Riverside.
5 Matha Hclp. 9 Other People's Lives. 5 The .Computer Pro-	7.30 The Genuine Article. 7.55 Porridge. 8.25 Grace Kennedy.
gramme. B Business Club	9.99 N.O.T.T. (N.O.T. Therine-

oclocknews). 9.25 Horizon. "Honky 10.15 West Country Tales, starring Clark 10.45 Newsnight. †5.40 Laurel and Hardy in 11.30-12.00 Télé-Montage,

Matinee: "The Pessionate Friends," starring Ann Todd, Cleude Raine and Traver Howard, 5.15 Oilf rent Strakes, 6.00 HTV News, 10.28 HTV News, 10.30 Scep. 11.00 Harcut 100, 11.30 Perants T.20 pm Channel Lunchtime News, What's On Where and Westhor. 2.30 The Monday Meuces: "All The Way Up." 5.15 Emmerdole Farm. 6.00 Channel Report. 0.30 The Two of Us. 10.28 Channel Lele News. 10.35 Ladies Man. 11.06 Goffing Greets (Gory Player). 11.30 Barney Miller: 11.55 News and Weather in French,

and Teenagers. HTV Cymru/Weles --- As HTV West except: 12.00-12.10 pm Flalabalam. 4.15-4.20 Mr 44.900. 4.45-5.15 Sêr. 5.00 Y Oydd. 8.30-7.00 Report Weles. Yr Wythnos, 11.00-11.30

SCOTTISH 1.20 pm Scottish Nows 2.00 Monday Matingo: "The Ocath Train." 2.45 Moncy-Go-Round. 5.15 Emmerdels Farm. 6.00 Scotlond Today. 6.40 Crimedesk. 10.30 Lete Call. 10.35 Golling Groets (Tom Wetson). 11.05 Thriller: "Cry Terror."

1.30 pm Gionada Reports. 2.30 Monday Matinos: "Penoy Gold," 5.15 tlick Turpin. 6.00 Mr Merhn. 6.30 Granada Reports. 9.00 Quincy. 10.30 Oanger UXS. 11.30 City of Angels. TSW Annday Matinos: "Renory Gold," 5.15
lick Turpin, 6.00 Mr Merhn, 6.30
All the Way Up," statring Warren
All the Way Up," statring Warren
Mitchell, 4.12 Gus Henaybun's Megic
Strindays, 5.15 Emmerdale Farm, 6.00
Today South West, 6.30 The Two of
Us, 10.32 TSW Late News, 10.35
Ladies Man, 11.05 Golfing Greate

RADIO

Quiz with Ray Moore. 10.30 Star Sound with Nick Jeckson. 11.00 8 nen Methew with Round Midnight, 1.00 am Truckers' Hour with Sheila Trecy (SI, 2.03-5.00 You and the Night and the Music (S).

3.30 Business Club.

CHANNEL

GRAMPIAN

GRANADA

†3.55 Star Movie: Tonk," starri

RADIO 3

8.55 am Weather. 7.00 News. 7.05 Morning concert (5), 8.00 News. 8.05 Morning concert (5), 8.00 Naws, 8.05
Morning Concert (continued), 9.00
Naws, 9.05 This week's composer;
Berlicz (S), 10.40 English Organ
music (S), 10.40 Haydn (S), 11.00
York Winda (S), 11.25 Reger and
Bartok concert, (S), 1.00 pm Naws,
1.05 BBC lunchlime concert (S), 2.00
Motinee musicals (S), 2.50 The Songs
of Mussorgeky (S), 3.15 New records

4.55 5.00 Memnly 7.00 Aspects 7.30 Oriendo (S]. 4,55 Nows. 5.00 Memly for pleasure (S]. 7.00 Aspects of the Alues. 7.30 Orlando String Quartal recirel, Part 1 (S). 8.20 Reflections of a UK-Caribbeen. 8.45 Recital Part 2 (S). 9.15 "Ulyses ": A centata by Matyes Seiber 10 words by James Joyce, 10.15 L'Ecole d'Orphes (S). 10.30 Jezz in Britain festuring the Mike Westbrook Orchestm (S). 11.00 News. 11.05-11.15 Nielsen (S).

RADIO 4 6,00 am News Briefing. 8,10 Ferming Week. 8,25 Shipping Forecast. 6,30 Today. 8,35 The Week On 4. 8,45 Miles Kington with a selection from the BBC Sound Archives. 9,00 News, 8,05 Start the Week with Richard Baker.

LONDON

9.30 am Schools Programmes.
12.00 Cockieshell Bay, 12.10 pm
Rainbow. 12.30 Do it Herself.
1.00 News plus FT Iodex. 1.20
Thames News with Robio
The time being deferred its in2 sea of ignorance. Grahaoi's Ark. 4.45 The Book Tower. 5.18 Mr and Mrs. 5.45 News.

6.00 Thames News Andrew Gardner and Rita Carter, 6.25 Help with Viv Taylor

6.35 Crossroads, 7.00 Wish You Were Here with Judith Chalmers, Chris Kelly and Ed Stewart.

7.30 Coronation Strect. 8.00 Let There Be Love: starring Paul Eddingtoo, Nanette Newman and Henry McGee. 8.30 World In Action. 9.00 Hill Street Blues.

10.00 News. "Revenge," starring Joan Collins and James Bootb.

12.10 am Close: "Sit Up And
Listen," with lan Partridge and his sister Tennifer.

> findicates programme in black and white

(Gary Player). 11.30 Sernay Miller, 11.55 Postscript. 12.00 South West

TVS 1.20 pm TVS News. 2.30 Monday Maximos: "Trotue Tiue," starring Jaar Kent. 5.16 Radio. 6.30 Coast to Coast. 8.00 Coast to Coast (continued). 6.30 Heircut 100. 10.30 A Full Lile. 11.00 Thraner: "Appointment With A Killer."

TYNE TEES 9.20 am The Good Word, 9.25 North East News, 1.30 pm North East News and Lookardund, 12.30 Monday Marines; "The Last Shot You Hear," 5.15 Happy Days, 6.00 North East News, 6.02 Mr and Mrs. 6.30 Northern Lila. 10.30 North East News, 10.32 Arieting, 11.15 Lou Grant, 12.10 am Post's Cornor.

YORKSHIRE

1.20 pm Calendar News. 2.30 Monday Matines: "Trottie True." starring Jear Kent. 5.15 Mr and Mrs. 6.00 Calenda (Emley Moor and Belmont adminis) 2.30 It's A Var's Lile, 9.00 Quincy 10.30 There's Lile North of Watford

10.00 News. 10.02 Monsy 8ox. 10.30
Osily Servics. 10.45 Morning Story.
11.09 News. 11.05 Oown Your Woy.
11.50 Poerry Please! 12.00 News.
12.02 pm You end Yours. 12.27 Legel.
Occent, Honest and Truthlul [5]. 12.55
Wosthar, programme news. 1.00 The
World of One. 1.40 The Archers. 1.55
Shipping Forecast. 2.00 News. 2.02
Women's Hour. 3.00 News. 3.02
Alternoon Theatre. 4.35 Beck in Ten
Minutes. 4.45 Story Time. 5.00 PM:
News magazine. 5.50 Shipping Forecast. S.56 Westher, programme news.
5.00 News, Including Finencial Report.
6.30 Just a Minute (S]. 7.00 News.
7.05 The Archers. 7.30 Start the Week
with Richard Baker. 8.00 The Monday
Play (S]. 9.30 Kaleldoscope. 9.59
Westher. 10.00 The World Tonight.
10.30 Science Now. 11.00 A Book at
Bedtigse. 11.16 The Financial World
Tonight. 11.30 Todey in Parlement.
12.00 News. 10.00 News. 10.02 Monsy Sox. 10.30

Divorce and the public purse

priate vehicle for effecting changes in family law. Meanwhile, the public debate about the private and public financing of the earthenware of marriages and one-

> The proposals of the Law Commission are acknowledged by the Commissioners to he essentially modest. The proposal is to change the direction of the law, away from exercising powers so as to place the divorcing parties io the financial position in which they would have been bad the marriage oot broken down, towards a search generally for a "clean break," that is to say a final settlement of the financial ohligations at the time of the divorce so that both parties can start out fresh on new lives.

parent families continues in

It will not be possible always to achieve such a smooth and clean transition from marriage to independence, especially where there are dependent children. In any event, such a change will largely endorse what the courts have been adopting as a sensible development for some years oow. It is a policy that has been pro-pounded with increasing stridency by husbands and second wives who complain that the present law produces harsh results, because so often the second family finds the going rough when the breadwinner, and even his second spouse, have to eat ioto their incomes to meet the financial burden of the earlier broken marriage.

It is recognised that any material change in the continuing obligation to maintain a divorced wife may have an impact on the public purse. Some discarded wives who currently derive at least a certain level of support from periodical payments by their former husbaods might have to turn to aupple-mentary benefit because they were unable to find adequately paid work. And those who are partially supported out of public funds would become 50 to a greater extent.

The added cost to the public purse, or rather the size of it, would be a matter of pure guesswork. On this score the Law Commission is commendably frank. Nobody knows what the overall cost of providing enhanced benefit to one-parent families would be. When the divorce law was changed in the early 1970s no monitoring of the law in action was undertaken,

THE GOVERNMENT has for policy in this field flounders in problems of destitution, but to courts for all problems associ-

Until we begin to know the size of the problem no sensible policy for handling the financial (and other consequences) of divorce will emerge. Accordingly, the Law Commission has already started discussions with suses and Surveys with a view

minimise the cost to the public ated with broken bomes. Far of maintaining the destitute. from adopting the first of these The concept was the assumption of public responsibility for the support of the poor and of the necessity it entailed of keeping public expenditure down.

After 1948 the Poor Law was the Office of Population Cen-replaced by national assistance later, supplementary

THE WEEK IN THE COURTS

BY JUSTINIAN

to conducting two surveys. One benefits. The object of both is to ascertain public opinion on a whole range of issues associated with broken marriages. The second involves an examination of court records and interviews with a representative sample of those affected, with the idea of eliciting reliable information about how the law works in practice.

Even without the necessary information, the simple fact remains that most people do not bave sufficient income to maintain two families, or, where a second family is not involved, two bouseholds. The Finer Committee on One-Parent Families, which reported in 1974, examined in great detail the interrelationship between the private law of maintenance and the public law of social security. It made elaborate proposals designed to overcome some of the special difficulties encountered hy one-parent families. Most of them remain unimplemented. But the argument about bow far, if at all, the law should shift the emphasis towards state intervention in financially supporting broken bomes continues unabated.

The Finer Committee readily appreciated that the legal scene was a chaos of overlapping jurisdictions and conflicting philosophies. The historical development of the law was such as to create three separate systems. One served the wealthy and the powerful; another was for the remainder of the economically independent population, and the third dealt with destitute-the poor who, for whatever reasons, dld not earn their own subsistence. A main function of the Poor Law was to enforce a distinction between the independent poor, who earned their own subsistence, and paupers, who did not. What has changed in the law's approach?

The Poor Law was not only a law about the poor; it was a law of the poor. Its special legal provisions were designed such races as the Embassy and anyone framing social not to solve the causes and Final, but has been plagued

these systems was to provide income maintenance, but without the stigma of pauperism. Thus, there was no clean break with the old administrative attitude and practice of operating a family law for the dependent poor separate and distinct from the economically independent families. And so they remain separate.

Such an analysis of the contemporary scene led the Finer Committee to recommend the sholition of the family the establishment of family

of the magistrates' courts, but the rigid separation of the two jurisdictions is maintained. As for the recommendation to consolidate the two systems of courts, there has been a wide cceptance of the idea. Lord Hailsham himself has gone on record as saying that "if the system can be grafted on to the pyramid of existing courts 1 am a family courts man." His apprehension bas been on the acore that there would be a great deal of "difficulty inside and outside of the government machine before it becomes law.

two changes, Parliament in 1978

endorsed the century-old power

of magistrates summarily to

award maintenance to separated

wives and children, but leaving

divorce for the bigber courts.

Much less use is made today

parent families is exaggerated. *Family Law: The financial consequences of Divorce. Law jurisdiction of magistrates and Com. No. 112, December 14, 1981

Again, the question that is

uppermost in the mind of reformers is the cost of

reorganising the court system.

Many believe that the cost of

enhanced atate support for one-

RACING

BY DOMINIC WIGAN

NEITHER Night Nurse nor Lesley Ann succeeded in getting Incident had been going well in a blow against Bregawo in Saturday's Freshfields Holidays of the race only to fade right Handicap, but their Cheltenham Gold Cup supporters and well- half mile. wishers need not worry unduly. Night Nurse, who has never excelled at Kempton, was not given too severe a race by National winners, will almost

Three years the junior of

on March 18 is holding and that lengths at level weights over there is a good pace from the three miles at Leicester. start. Without these, Lesley Ann's chance is almost nonexistent. For Border Incident neither

the 1982 Gold Cup nor any in the future are now, sadly, within reach. Richard Head's onetime outstanding prospect won

with injury troubles in recent years and Saturday's race did nothing to dispel the fear thet he will never again do well. Pulled up after the penultimate fence when floundering hadly at the back of the field. Border for Francome in the first half out of contention in the last

This afternoon at Wolverhampton, Mercy Rimell, who has been associated with Joojo O'Neill once it became certainly add to her score. In 1 obvious that the 11-year-old's addition to saddling Celtic Brew attempt to give 20 lbs to for the opening division of the Bregawn was failing; neither Bishop's Wood Novices Hurdle, was Lesley Ann given a hard she has Avogem, the obvious race after being outpaced early selection for the Beckbury Handicap Hurdle, Although both should win, my idea of Night Nurse, but a chaser of far the best bet on the Midlands less pace, Lesley Ann found track is Burrough Hill Lad, Sunbury's flat right-handed among the runners for the Bel-track far too sharp and her vide Novices Chase. Last time astute handler, David Elsworth, out, Jenny Pitman's novice did will be anxlous that the going well to run Applalto to two

FONTWELL 2.30—Sbackleton's Flier 3.00 -- Prince Bless 4.00-Conrt Green WOLVERHAMPTON 1.15—Celtic Brew**
1.45—Driving

2.15-Bnrrough Hill Lad***

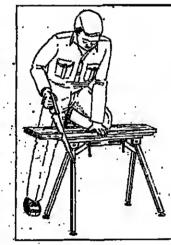
4.15-Avogem

BUILDING AND CIVIL ENGINEERING

WHAT'S NEW IN BUILDING

Carpenters and joiners tend te prefer traditional equip-ment and methods, but sticking with the usual timber trestle or saw borse can cause problems when it has to he transported from site to site -a wooden trestle also takes too much space in cramped workshops. F. H. S. Engineering, a small sheet metal fabrication and tool-making company in Sawston, Cam-bridge, has developed a neat solution—a metal version of the carpenter's trestle which folds flat. Fitted with an easily replaceable timber top, it stands 24 ins high (with adjustable feet for uneven surfaces), and is robustly constructed from box-section steel. Tested at Cambridge University metallurgy department, it withstood ? ton before collapse. The trestle top is 30 ins long, and when the legs are folded flat, the

unit can be carried in a car



hoot, or hung on a workshop wall. The legs are secured in position (open or closed) with a locking screw and captive tommy bar. There are no loose parts to get lost on building sites. More details

Better way to heights

HILTON (PRODUCTS) bas launched two complementary two complementary Jobezer and Jobelper safety platforms, to overcome the problems of dis-comfort caused by working on a ladder or atepladder over a

long period.

Jobezer is primarily intended for use in the home, office, stores, etc. 1t weighs 11 lbs and opens and closes single movement to provide an anti-slip working platform 24 in x 14 in at a height 24 in. The hand rail carries a tool

Johelper is aimed at tradesmen and industry. Made from aluminium treadplate, it bas an anti-skid aurface and measures 24 in x 17 in with a working beight of 21 in. Other models provide working heights of 31,

50 and 69 in. More from Hilton (Products)

Connects buyer to seller

A SELECTION service, linking both buyers and aeliers world-wide for over 250 categories of construction equipment, has been introduced by Computafile, a UK-based computer data organisation. Already nearly 2,000 separate items of construction equipment divided into the 250 defined categories of plant have been registered from operators interactionally from operators internationally.

evaluable throughout the

Clients can have a direct link the computer through standard international telex or remote printer vdu. Computable offers a two-

stage enquiry service. The first produces a list of plant available, from a defined index of about 250 categories, for comparisons of models and prices. The system will cnable A second stage provides buyers and sellers of both new detailed information on any secondhand contractors piece of plant giving the name plant, to see at a glance what and address of the seller. on 01-568 6462.



Road, Whetstone, Leicester (0533 861404). The APU door has alnminium extruded sections

with single or donble clear Plexiglas infill, and can be made up to seven metres wide by five metres high. A steel-insulated version of the SPU bas an installed U value of 0.8 and comes complete with fixing frame and seals up to eight metres wide by five metres high. SCHLEGEL (UK) ENGIN-

TOWNG has introduced a new range of void and angle formers for use in concrete construction joints. Because they are made of pvc, the company claims they not only produce better joint but are re-usable. More from Schlegal on (0462)

Chipboard Promotion Association has issued its first 1982 leaflet. Dealing with the use of chipboard in roofing applicationa it covers the qualities of moisture resistant chipboard, on-site storage handling techniques

LOCAL AUTHORITY BOND TABLE

	Annual	Interes	t	Life
Authority	gross	pay-	Mioimun	ı of
(telephone number in parentheses)	interest	able	sum	bond
par citateaea/	%		£	Year
Barnsley (0226 203232)	. 14	1-year	1,000	3
Knowaley (051-548 6555)	. 147	1-year	1,000	4-8

Public Works Loan Board rates

16 157 157 157 157 157 157 Over 5, up to 6..... Over 6, up to 7..... Over 7, up to 8.. Over 8, np to 9...... Over 9, np to 10 ... Over 15, np to 25... 154 15] Non-quota loans B are 1 per cent higher in each case than non-quota loans A. † Equal instalments of principal. ‡ Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). § With balf-yearly payments of Interest only.

M. J. H. Nightingale & Co. Limited

27/28 Lo	vat Lane London EC3R	8EB	<u></u> 7	6ieph	one	01-62i	1212
	•					P/8	
£0003'a			Change				Fully
capitalisati			on week				tasad
1,204	All Hidgs, 10pc CULS	121	2	10.0	a.a		_
4,052	Aimprung	70	-	4.7	6.7		15.4
1,100	Armitage & Rhodes	44	-1	4.2	9.a		a.3
12,464	aerdon Hill	204	- 1	9.7	4.8		12.1
5,958	Osbomh Services		- 4	a.o	7.a		7.2
4,111	Frank Horsell		- 1	6.4	5.0		23.9
11,26B	Fraderick Parker		-	1.7	2.2		_
923	George Blair		. —				
3,899	IPC		. + <u>1</u>	7.3	7.6		10.4
2,520	leia Conv. Prel		· ÷		15.0		
2,378	Jackson Graup	94	- 1	7.0	7.4		6.7
15,458	James Burraugh	112	- , 1	8.7	7.B		10.3
2,570	Robert Jenkine	252	_		12.4		a.9
2,760	Scruttons "A"	56		5,3	8.5		8.0
4,003	Torday & Carirsla	164	- 2	10.7	6.5	5,3	9.8
2.778	Twinlock Old	13	— 0₁²	-	_	-	
2,075	Twinlock 15pc ULS	76			19.7		_
4,120	Unilock Holdings	27	-	3.0	11.1		8.2
9,506	Walter Alexander	75	-	8.4	a.5		8.7
5,111	W, 5, Yestes	2t8	}+, t	13.1	5.0	4,1	8.4
	Buces now available			~ ASTAI	5	-	

Investment forexpatriates

Five ways to make your stay overseas worthwhile

1. Your new opportunities

The basic rules of saving and investment do not change but tax rules do. What are the questions you should be asking? Going towork

These two new booklets from Lloyds Bank will give you answers to most of the questions. Get them from any branch.

2. UK property—benefit or burden?

Most people who work overseas retain. their property in the UK-and often let it to make some extra income. Depending upon who looks after your UK property, the rent you receive may be net of income tax. It should be possible for you to pay the fees for the advice you'll need out of the savings you'll make on delayed tax payments. This can be arranged if Lloyds Bank handles your tax affairs.

3. What about other assets? Many people who work abroad have assets:

in the UK other than their family home. The income from ...

investments such as building society deposits is paid net of the basic rate of tax. What can you do about it?

4. The use of low-tax areas

You do not necessarily have to use remote tax areas. Our branches in the Channel Islands and Isle of Man can provide the advice and action required to minimise your tax liability. and increase your capital.

5. New investments

You may have more disposable income, but will you be able to use it to best advantage? The best place for your money will vary according to your own investment objectives and local conditions or regulations. We can give you the professional advice you'll need.

If you're still in the UK, ask at your nearest branch of Lloyds Bank or, if you are already abroad, contact one of the addresses below:

Lloyds Bank Limited, 9 Broad Street, St. Helier, Jersey, Channel Islands. Lloyds Bank Limited, PO Box No 8, Victory House, Prospect Hill, Douglas.

More help for expatriates at the sign of the Black Horse

Isle of Man.



Demand, the company believes

The saw has a new system

for controlling the stroke of the

material feed. The machine has

eliminated dead stops with the

stroke of the carriage deter-mined by an hydraulic servo-

valve. Position of the carriage at the end of the stroke can

be repeated to within plus or

double clamp metal cutting circular saw, which is said to

be ideal for straight and mitre

cuts of ferrous and non-ferrous

Designated the Addison-MEC

Brown, the tool has several new features—with double clamping

the anti-burr device can eliminate "break-off/pips."

Addison is at Westfields Road, Acton, London (01-993 16161)

tubes and bars and sections.

Also new from Addison is the

minus 0.01mm

Why BOC is set for growth in graphite

oping countries, it uses the fronts. electric are furnace method of making steel.

East, the relative simplicity and flexibility of this method over ensures its popularity.

These developments are be-worldwide. hind the recently-announced decision of the BOC Group to manufacturers are reported to expand its production facilities be working at only about 50 for the manufacture of carbon per cent of capacity. graphite electrodes which produce the arc that melts the already has two carbon graphite electrode plants that are used

The 3128m plant to be built at Ridgeville, South Carolina, will increase Airco's electrode increase.
production by a fifth when it in the is completed by October 1983. Its output is destined for markets outside the U.S.

The plant has been designed with the capability of progressive expansion to add 50 per cent to present capacity by the end of the decade.

Airco also announced last month that it is investing \$119m in a plant to produce needle coke, the case material for carbon graphite, which is to be built near Houston, Texas. Each investment represents the single largest spending commitment undertaken by the group.

Worldwide demand for electrodes is expected to rise to 1.2m tonnes by 1985, against 920,000 tonnes in 1980. Alongside this growth in demand, customers are intent on reducing the high price of electrodes, currently about £6 per tonne of steel produced. This

WHAT IS thought to be the biggest continuous operation

calibration and test facility for

the giant valves and flowmeters

used in the water and oil in-

dustries is ocaring completion at Stonehouse in Gloucester-

It has been constructed by

Brown Boveri Kent and is part

NIGERIA has just opened its means that the manufacturers Houston, where the refineries first steelworks and, like many must make progress on techof those being erected in devel- nical, quality and efficiency

Growing competition in electrodes can be measured by the In the Middle East, South fact that in the past couple of America, Mexico, and the Far years, Union Carbide, the market leader, and Great Lakes Carbon have both brought new the basic oxygen process capacity on stream, and there is considerable overcapacity

The three major Japanese

efficient electrodes mean that steel in the furnaces. The the consumption of electrodes group's U.S. subsidiary, Airco, per tonne of steel will go down. This is already bappening in tha U.S., for instance, in spite malnly to satisfy U.S. demand. of the fact that the amount of steel being made by the electric are furnace method is on the

> in the UK, graphite consumption is also declining because of the use of partially renewable types of electrode, which have a water-cooled copper base and renewable graphite tips.

> Airco, bowever, is undeterred and remains convinced that the underlying growth in elec-trically-made steel will ensure that there will be markets for the product by the time the new plant is completed.

> The decision to have its own needle coke plant rather than buying in as Airco does now was determined by the desire to have greater control over the

Initially, it was boped to locate the plant alongside that producing carbon graphite, but this plan was abandoned because of transport and energy plant was located close to each annually on electrodes.

For the BBK company in-

providing the raw material are housed, and where Airco has ready access to the coast for the transport of needle coke by sea to South Carolina.

Energy costs are a prime factor in the manufacture of carbon graphite. The two processes where energy consumption is at its greatest are baking, where the forms which bave been extrusion moulded or sed are baked for a month or more at very higher temperatures in a mixture of coke sand to convert the material to amorphous carbon; and the actual graphitising process where the baked carbon is converted to graphite by heating in electric furnaces or kilns at temperatures up to

The high cost of electricity in the UK finally ruled out Airco's consideration of putting the electrodes plant at Consett (the transport of petroleum would not, apparently, bave been too much of a problem as much of that now consumed in the U.S. comes all the way from Japan).

3,000 deg C.

In South Carolina, electricity is cheap, while the advantages of building a new, highly automated plant on a greenfield site should yield productivity in-creases over Airco's other U.S. plants of 20-30 per cent.

The price of electrodes is a major cost to the steel producer, probably between 8-10 per cent the total costs-it takes 10-11lbs of graphite to melt one tonne of steel, and a rough estimate is that big American companies like North West Steel, Bethlehem, and Jones and cost considerations. Instead, the Laughran, spend about \$25m

Testing facility for giant valves

pany will bave spent nearly its larger products, which can simple enough—to be able to

Although the company will

facility will mean much faster own products, it is also offering and elsewhere, but according the transfer of the products. time to water, sewage, oil and to BBK they are all gravimet-

£3m by the middle of this year. be up to 6 ft fins in diameter.

volved, Kent Industrial eventually use most of the faci-

Measurements, the new test lity's capacity for tests on its

Previously, it had to rely on other industries with similar

the facility at the National En- testing problems. Costs would

ing facility on which the com- Kilbride for the calibration of The test requirement is restricting the time of testing.

gineering Laboratory in East be by negotiation.

Graphitizing Airco executives say that the quality of coke becomes more critical as the market is shifting

per tonne of steel.

carbon graphite plant.

senior vice president, admits

sure that these will be overcome

the valve or meter. Large scale

facilities for this already exist,

at East Kilbride, in Germany

ric: the water simply drops out

of a beader tank through the

tested unit and into a sump,

from standard to premium grade electrodes, which reduce the consumption of electrodes Airco in 1978, and its subsequent expansion, as detracting It is for this reason that Airco has decided to take the leap into a technology unknown to

pass large, accurately measur- operate continuously. At its able quantities of fluid through heart is a 200,000 gallon sump,

opportunities, and the electric arc furnace is likely to be around for a long time yet.

it of making needle coke, although it has already built a pilot plant at its Niagara Falls Mr James Baldwin, Airco that there are problems but is plentiful supply of cheap within a fairly short space of electricity.

Petroleum coke, heated to 1250°C to remove volatiles and promote shrinkage. Fermolation Calcined coke, crushed and ground. Separated into grades of particle size. Combined with coal tar pitch and additives Formulations are thoroughly blended at 135°C to 175°C. - forms ranging from 3/32in to 55in diameter Extrasion Moulding -different material properties Isostatic pressing - precision moulding Forms baked a month or more at 825°C in mixture of coke and sand to convert material to amorphous carbon. Baked carbon converted to graphite by heating in electric furnaces or kilos at up to 3000°C. Forms machined by cutting and grinding to finished

GRAPHITE MANUFACTURE

each axis, facilities for editing, axis jogging and a manual setup mode, rapid access memory and a system of programme inter-locking machine inter-ference blockers and selfdiagnostic display. From the same company comes the Addison PSM 500 CPL, the culmination, says the company, of an intensive

development programme to provide a high output, fully automatic circular saw able to maintain very close-cut toler-BOC's decision to invest heavily in carbon graphite in the U.S. has its critics amongst those who see the acquisition of

Current

Feb 9-12 ...

Feb 10-12 Feb 10-12

Feb 13-16

Feb 15-18

Feb 23-27

Feb 25-28

from investment in the UK. BOC's reply is that it must invest where it sees the best

At the same time, the energy factor is critical in the efficient production of electrodes so the location of the plant had to be where it could be assured of a

The Stonehouse facility can

specially engineered to avoid

aeration of the water (which

would cause calibration in-accuracy). An underfloor pump

room houses four pumps oper-

ating in parallel with a total rating of 1,380 borsepower—

well over a megawatt, so that, flat out the installation is some-

Inside the test room, three

test lines are available with nominal bores of 42, 36 and 15

inches. Motorised block valves

enable the flow to be directed

into any one of the test lines and concentric cone pieces

from 12 to 78 inches to be in-

serted in the lines for testing.

tion reference is a range of orifice plates certified by the National Engineering Labora-

tory. This is the first stage of a

The second stage, to be com-

pleted later this year, will trans-

fer the standard to a bank of

four Kent turbine meters, a bidirectional meter prover and

an additional control papel for the associated instrumentation.

The meter prover will be used to carry out routine calibration of the turbine meters, allowing very precise measurement of

the flow to the test station and enabling accuracies of plus or minus 0.2 per cent to

Plessey's

interface

processor

A NETWORK interface processor for use with X25 packet

switching systems has been an-

nounced by Plessey Controls. The TP3010 can interface up to 27 terminals to the X25 net-work and accepts IBM 3270 and

2780/3780 protocols. Transmission speeds for data range from 110 to 9600 bits per second.

The processor is part of Plessey's range of packet switch-

ing equipment which include the TP4000 packet switching

GEOFFREY CHARLISH

what expensive to run.

BUSINESSMAN'S DIARY

Tube bending

with memory

pany. It has a 63mm outside brass stampings.
diameter by 2mm capacity for

automatic tube bending machine, should come from the auto is British designed and manu- motive industry for such appli-

factured by the Pressbend Divi-sion of The Addison Tool Com-spacers, and for cutting hot

by Addison

steel tube capable of bends up

The non-volatile memory has

Among the features are direct

keyboard entry and display of

all data, three call-up speeds for

a capacity of 4,000 optional bends with individual pro-

grammes up to any number.

to 200mm CLR.

International Spring Fair-Gifts (01-855 9201) (until Feb 11)

Information, Technology and Management Exhibition and Conference—INFO '82 (01-647 1001)

Western Building Show (01-643 8040)

Ceramic Tile Exhibition and Conference—TILEX (01-450 0466)
Crufts Dog Show (01-493 7838)
International Men's and Boy's Wear Exhibition The International Swimming Pool and Leisure

OVERSEAS TRADE FAIRS AND

International Boat Show (01-486 1951) (until Feb 14) Equipment and apparatus for drug production and

International Fair (01-734 0543)

BUSINESS AND MANAGEMENT CONFERENCES

American Tax Institute in Europe: Finance/Leasing under new U.S. tax laws (Paris 256 33 70) INFO 82—The challenge of Information Technology (AFRICA) nology (057282 2711) Feb 8-12 (01-621 1355) (01-621 1355) Offshore South East Asia Conference (01-546-5144) Spearhead Exhibition: UK Offshore Safety Conference (01-549 5831)

American Tax Institute in Europe: Foreign invest ment in U.S. rest property (Paris 256 3370)

AMR International: Management Skills and Techniques for Women in Business (01-262 2732)

2732)
Esomar: Profitable co-operation of manufacturers and retailers (020 444995)
IPM: The Elements of Salary Administration (01-946 9100)
Institute of Credit Management: National Conference (0990 23711)
Institute of Marketing: Action for Recovery Con-

Anyone wishing to attend any of the above events is advised to telephone the organ ensure that there has been no change in the details published.

software conditions IBM UNITED KINGDOM has

Design

and Manage

ispart of...

Norwest Holst

total capability 01-235 9951

IBM changes

changed the rules dealing with its licensed program and customer engineering support programme.

With an eye to the growth of distributed systems and the number of its customers who will went to run identical softwere at a number of different sites, the company is now offering about 25 per cent off the license fee for the second and subsequent copies of its licensed programs.

IBM will deliver one copy of the programme the customer will be responsible for copying it and distributing it to its various sides.

IBM will give full details on 0705 694941.

NEC. Birmingham

Earls Court

Olympia

Olympia

Bahrain . .

Lyons

Barbiean Exhibition Centre

Exhibition Centre, Bristol

Wembley Conference Centre

sembly Rooms, Worthing

Wembley Conference Centre

Cunard International . Exhibition Centre, Harrogate

Kelvin Hall, Glasgow Bloomsbury Centre, London

NEC, Birmingham Olympia ...

UK TRADE FAIRS AND EXHIBITIONS

(021 705 6707) Ideal Home Exhibition (0202 28475) Show (04912 77866) Video Software Show (01-686 2500) Feb 21-25 Video Sortware Snow (01-886 2900)

Feb 21-25 Scottish Gifts Fair (01-855 9201)

Col., Gas, Petroleum and Process Plant Exhibition (01-637 8841)

Feb 28-Mar 4 International Light Show (0248 88396)

Mar 14 Hydrantics and Pneumatics Exhibition (01-839 5041)
International Production Engineering and Productivity Exhibition and Conference (01-747 3131)

(01409 0956)
International Trade Fair for Watches, Jewellery and Silverware—INHORGENTA (01486 1951)
Middle East Machine Maintenance, Light Engineering and Handling Show—MEM (01486 1951)...
TECHEX '82—Annual Technology Exchange Fear (01-584 5749)
International Rubber and Plastics Exhibition for

Waldorf Hotel, WC2

Conference: The Euromarkets in 1982 Crown Eagle Communications: Gaining Value from Overhead Costs (01-636-0617)

Mills and Allen Communications: CBT Techniques and Uses—An Appreciation (01-240-1307)

International Chamber of Commerce: The international effects of nationalisations (Paris

national effects of nationalisations (Paris 261.85.97)

The Economist The World Market: protectionism or co-operation and expansion? (01-839 7000)

The Banker/OPC/LCCI: Growing Pains—Resolving the problems facing international Banks of establishing and developing a physical presence in the City of London (01-829 2483)

Dun and Bradstreet: Fundamentals of credit management—for credit personnel and those concerned with trade debtors (01-247 4377)

FT Conference: The Fourth World Motor Conference (01-621 1355)

DIBC (UK): The credit analysis of international banks (01-788 5126)

International Commercial Arbitration Symposium (08 2312000)

AMR/Euromoney: Aerospace International Shipping Financing Energy Techniques (01-262 2732)

Esomar: Profitable co-operation of manufacturers

Inter Continental Hotel, WI

Kensington Hilton Hotel Hilton Hotel, Wi

Hyde Park Hotel, WI

Cannon Street, EC4 Albany Hotel, Birmingha

City Conference Centre, EC3 Stockholm

London Press Centre

Embassy Hotel, W2



EUROPEAN PROPERTY

With reference to the Offer Document of December 29, 1981 the undersigned declares its offer on all outstanding shares European Property Investment Company N.V. as unconditional.

Rotterdam, February 3, 1982.

INVESTMENT COMPANY N.Y. established in Amsterdam.

As from Friday, February 5, 1982 pay-ment will be made in cash.

Until June 1, 1982 the undersigned is willing to accept shares not yet tendered on conditions as mentioned in the Offer Document,

B.V. Internationale Belegging-en Administratiemaatschappij "Zandbergen"

Backed by a £70,000 publicity
campaign, The Computer Fair is
campaign, The Computer YOUR
YOUR chance to bring Your computer products to a wider public. Book a stand now _call Philip Kirby on 01-6613127.

EARLS COURT LONDON

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:

Schutz Choir of London

by DAVID MURRAY

On Saturday Roger Norrington and his Schütz Choir celebrated 20 years of music-making by repeating their first programme from 1962 the possibled performers in this concert (a dozen voices supported by the London Baroque Players: atrings, small organ, sackbuts and a handsome chitarrone), and the chosen music made less play with mosti-directional effects than the mid-1960s programmes which excited the greatest attention. Nothing disappointing about that: there are sober revelations in all the sober revelations in all the music, and anyway the Musikatische Exequien conchides with

a magical double-ensemble coup. that princely requiem, while the chorus intones the Nunc the Sieben Worte were greatly Dimittis with devont resignation three far-off sololsta — whether such slow tempi are the departed soul and two convoying angels with chitarronesang radiantly of the peace of death. There was some homely suspense first, while the angelic ing.

voices in their elevated niche lo the wall tried to find light to read their music by; but no illusion was spoiled — Schütz's three maryellous works of their titular master, Heinrich Schütz. In the rest of the concert there were many passages of equal singers were amateur, unlike the polished performers in this the polished performers in this beauty: all the double-cool interplay in Schütz's last Deutsches Magnification for expenses ample, and the polgnant open-ing chorus of the Seven Last Words. In the latter work Christ's words were assigned to a fresh, innocent-sounding male voice — impersonation presumably not the point.

Over the years, very little in the way of mannerisma has crept into Norrington's faithful work. There was a hint of preciouspess in some half-staccato articulation in the Magnificat and the Exequien, perhaps just the result of a technique There, in the last section of adapted to more resonant halls, at princely requiem, while the natural to the period, but the issue cannot be proved. In all

Nottingham Playhouse

Our Betters

by B. A. YOUNG

wrote as a comedy in 1923, threat behind it-too hig, per-Richard Digby Day has had 'to produce as a farce in 1982. The story depends on some routine romantic encounters, strongly salted with satire at the expense of the American hostesses who had taken over London society. and the play ought to survive on its dialogue, thought very wittye in its time. But the wit no longer strikes on the box. the box having degenerated with the change of manners. The company does all it can, but it got little reaction from the, audience; and wit without appreciation is like a gramophone record without a gramophone. Lady Grayston and the Duchesse de Surennes, the two central hostesses, are played. by Barbara Jefford and Phyllis and the super-snob Thornton Calvert as if they believed in Clay (Peter Laird), appearing them — no mean feat; con for our American cousins, sidering how broadly Maugham drew their avarice, their snobbery and their lechery. Trevor

Pitt has given them grotesque

rostomes, guying the styles of the times and designed sets for

Lady Grayston's homes that

driven Syrie Maugham into staroundings is ugly and un-staroundings is ugly and un-constructable too, and it is not ing the year Essays on Goethe distribution has edited by Mary Wilkinson, and What these ladles do in these given them so few decent friends. The Principessa (quite and dienified in Muriel Barker's performance) seems to have acquired some of the instinct of civilisation, even if she did marry an Italian prince for his title. Lady Grayston's younger sister Bessie is only half way decent she gets half way to a love nest peerage with pleasant. raive Lord Bleane, to whom Philip Bowen, his hair smoothly slicked down with what mist have been Anzora; gives the most convincing period image of the evening. Then she pulls out after seeing her sister in action. The part is well cast. Susan Edmonstone is a big girl

What Somerset Maugham who can present charm with a haps, for Bill Buffery's young Fleming Harvey, the only truly decent American in the play, with whom she seems likely to

> Apart from Lord Bleane, there are no decent English either. Tony Paxton (Julian Jones) is the Duchesse's sexual toy, who throws the house into turmoil when he is found in the summer house being played with by Lady Grayston. Neither Pole the Butier nor Ernest the mock-Argentine dance-teacher, both played in much the same mould by Jonathan Kiley, do much for the nation. But at least they rate higher than Arthur Fenwick (Richard Mayes), said to be based on Gordon Selfridge,

Goethe's 150 years

The Goethe Institute of London is planning a major ex-tribition to mark the 150th annilook as uncomfortable as they It will open on March 22, the are ugly, and would surely have actual date of the anniversary. The catalogue will be distri-John Calder huted by (Publishers).

the concluding two volumes of W. H. Waidson's translation of Wilhelm Meister. The first com-plete paperback edition of the novel will also be published in English translation in 1982 in six volumes.

OM on tour

The Swiss jazz/rock group OM are making a ten-date tour of Britain during February which has been made possible by a substantial grant from Pro Helvetia, the Swiss cultural organisation:

The tour starts at the 100 Club in London on Monday,



Architecture

No longer with us

by COLIN AMERY

the architecture.

America.

His buildings everywhere are

distinguished by their clarity.

to build the master's design.

Inevitably there is a certain the new square and the tower sense of familiarity about Mr Peter Palumbo's proposals for Mansion House Square. Back in 1969 the City Corporation developer gave a provisional planning permission for the scheme, providing the developer could acquire enough of the freehold to ensure Earlier this year Mr Palumho announced that he now owns 13 of the 13 freeholds and 345 of the 348 leaseholds. His application to proceed with the development is now with the City authorities and two weeks ago the Planning Committee met under its chairman, Sir John Welch, to review the

position

First of all It is probably necessary to refresh some memories. The hare bones of the proposal are an office tower, 290 feet six inches high designed by the late Mies van der Rohe, and a large new open square with a shopping concourse underneath. The site for all this is the very heart of the City of London, between the west side of the Mansion House and the convergence of Cheap-The site is often known as the limited visual our activities. This scheme is the "Mappin and Webb" after vocabulary. They are minimal the familiar and affectionately regarded buildings that are superbly detailed and well adapted to believe shop on its ground fewer in the foor. This huilding is in the Gothic taste with a circular all over the world. I spind to some detailed and world. I spind to be seen in the spawned a legion of glass hoxes and in Toronto—his message has been delivered and is there for all to read. In the feels a particular affinity—

The credibility gap that sudding Ashkenazy tamed, the orchestral sound tightly structured than in any other conductor from Ashkenazy treats them truly of London.

The credibility gap that separates Vladimir Ashkenazy tamed, the orchestral sound tightly structured than in any other performances I've heard. Ashkenazy treats them truly narrower. No one now would doubt his effectiveness as an orchestral director in those formance rather than a pack-the regarded buildings to he seen in the spawned a legion of glass hoxes all over the world. I spind to see the formance rather than a pack-the regarded buildings that are superbly detailed and well adapted to the part of an engaged personal director in those formance rather than a pack-the regarded buildings to he seen in the separates Vladimir Ashkenazy tamed, the orchestral sound tightly structured than in any other performances I've heard. Ashkenazy treats them truly some eloquent string playing, symphonically and the music responds with gratitude: even the corner of the regarded buildings to he seen in the separates Vladimir Ashkenazy tamed, the orthestral sound tightly controlled; only the conductor from Ashkenazy treats them truly some eloquent string playing. States and in Toronto—his marken and already dead and should he outerly tamed, the orthestral sound tightly controlled; only the particular from the playing and the regarded buildings to he seen in the separates Vladimir Ashkenazy tamed, the orthestral sound ti versary of the death of Goethe. foor. This huilding is in the which salutes the domed Liverpool and London and Glohe Assurance huilding situated. across one of the busiest intersections in the City. Aiso on the site for the new development is that strange and fasci-

nating building in Poultry by the architect F. Chancellor hullt in 1875 with charming relief friezes. Chancellor's building is at 12-13 Poultry. The Mappin and Webb building has all the right qualities for the City, in particular the way its whole shape acknowledges the street pattern. Like the prow of a ship it and the other buildings around point to the teeming and enlivening scene in front of the Bank of England and the Royal Exchange. Altogether there are eight listed buildings of the late Victorian City that

His design for the Mansion which occupies only 22 per House Square, like his many cent of the site. efforts for Piccadilly Circus. Mr Palumho is a man with a fails to deal effectively with mission. He is the kind of the traffic. The traffic will developer who commands respect because he has a clear continue to flow in froot of the vision and a concern for quality. He also has a great deal of patience. It has taken the plazza, and pedestrians will have to reach the square from Cheapside by an underground him 23 years to get to this

stage. He first went to see the I do not see how a square architect Mies van der Rone in drawn on a plan can possibly Chicago in the late 1950s, asked make any visual sense if the him for a scheme for this site huildings on three sides of it will all look as though they have suddendly had their trousers whipped off. The City and at the same time hought Mies's Farnsworth House, a 1950 glass house in Illinoisa token of his commitment to needs a succession of small scale spaces. Like many men with a mission, Mr Palumbo has become obsessed. No one

As architectural correspondeot I feel I am expected to say welcome to the chance to doubts that Mies was a master build a work by a late, great of the modern movement in modern architect. But as Mr architecture. As director of the Bauhaus in 1930 he refined Palumbo htmself says in his many of the principles of what has become known as publicity hand-outs: "The two great (sic) architects. Lord Holford and Mies van der Rohe modernism. In 1933 he closed are no longer with us . . ." the Bauhaus because of the rise and this scheme is no longer with us. No longer do we want of the Nazis and later in the 30s he set up a practice in

the City to look like Chicago. No longer do we helieve in

unlikely today that anyone but is there for all to read. In a fanatical admirer of Mies London Mr Palumbo should be would want to build one of his more sensitive to the English huildings. He died in 1969 and genius of the city. He owns Mr Palumbo has kept faith with a large chunk of real estate the dead by his determination and he cares about architecture. What a wonderful chance for Advocates of the scheme say the City to show that, while the tower block and the square it may have missed out on the are inseparable. The tower architects of the Modern Movemakes no sense without the ment, it will not miss out on

square and the proportions of the architects of 1982.

both are subtly interdependent. I will happily introduced in the architects of 1982. I will happily introduce Mr The progenitor of the square Palumbo to Jim Stirling or is another dead architect, the Normon Foster or many other late Lord Holford. He had a architect of real genius who reputation as a town planner would respect the spirt of and a civilised man. His pro- London. Architecture has adposals for the precincts of St vanced and there seems no Paul's after the war are the point at all in building a ceno-City's chief memorial of his taph to the Modern Movement genius. At St Pau's he was at this date. Architecture is totally unable to exercise any not like buying paintings to cootrol over the architecture hang on the wall—it is in the and his Paternoster Square is public realm and on a site like rather than flowed, peasants his family, one of the draughtiest and least this one in the City cannot be whose smocks would have re-enjoyable spaces in the City. a retrospective indulgence.

Drury Lane

An Evening's Intercourse

by MICHAEL COVENEY

different. The evening climaxed

Dame Edna Everage returned to the West End last week and presided over not so much a show as an orgy of selective audience participation. The audience participation. The supporting cast, plucked from the front stalls, included Judith whn lives by the river, Beverley from Toronto, Ruth from Ken-sington (with a senior citizen called Ian whom she passed off as her father), Gill from Epping and Lin from Hamp-

The housewife megastar now reads people's fortunes in their reads people's fortunes in their shoes. A huge net was produced and footwear duly collected. Judith's right boot was boisted aloft: "This isn't a shoe, dashling, it's a cry for help!" Paupers in the gods and couples in the bidet boxes then saw semi-shod ladies take the stage and assist old Ian prepare s harbecue of steaks and sausages. salad, bread and Australian margarine. As our hostess observed, it was a bit like an improvised Alan Asckhourn play. It was certainly

with the ritual gladiol and the firing of four metallic cannons that bore down on the audi-torium, a nest transformation the Dame's Christian name. In my experience, only Ken Dodd can manipulate an audi-ence so successfully over such a long period. Dame Edna'a inimitable brand of casual aggression and thematic texture ("like getting a crossed line with life") is a modern marvel of a stand-up, laid-back comic routine. The performance is water-tight and, as we saw recently on the Parkinson Show irreducible to the small screen. Every lurch, grimace and lip-sticked leer tells you as much about the character as about

ber perception of the customers. A sort of pervous, masochistic glee is engendered by this tottering, blue-rinsed relic of finger on the common pulse.

And, of course, we are kept up to date with poor Norm. who bas now undergone the prostate by-pass operation; with little Kenny and his friend; with Joylene who has moved from Ruislip to a hi-tech living space; and with Madge Allsop, trusty friend and subject of a new TV spectacular, "Brides-maid Revisited."

The first act, or "Foreplay," features two familiar Barry Humphries characters, the Australian cultural attaché. Sir Les Patterson, and the grass widower, Sandy Stone, still ruminating on his suburban lifestyle from beyood the grave. The oew creation is Phil Philby, a looghalred, barefoot film maker seen accepting an award for his searing investigation of lesblanians and Abericias women's prison in an Aboriginal women's prison. The whole abow, running for nearly three and a half hours, is an astonishing tour de force, a savage exhibition of character Antipodean pscudo gentility, acting and sheer unadulterated with her ridiculous flair for nerve that can only be the work access to high places and her of an unbridled egotist at the

Covent Garden

La Bohème by DAVID MURRAY

here and there, to flatter his

singers. Neil Shicoff's trim little Rodolfo, energetically and

stylishly sung, was hest heard

when lighty accompanied. His

account of the role would be

richer for the occasional floated

intensity Instead, which is not really needed. Thomas Allen repeated his first-class Marcello.

The reliable pleasure of this handled, Gardelli held the act, where her sympathetic familiar production is Julia dramatic line as firmly as anxiety was serious and Trevelvan Oman's work as decould he wished — too firmly, moving. Heana Cotrubas is of Trevelyan Oman's work as designer: one hopes her sets will televise well on February 20 (BBC-2, on videofilm). In John Copley's production details come and go: hesides the nude model for Marcello to paint in Act 4 there is now a fluffy little dog for Musetta to carry into the Cafe Momus, later to be dropped on Alcindoro along with the hill. The Café scene is still picturesquely busy and effective, but the Bohemian larkings about in the first and last acts look too deliberate, this time round, to be amusing.

veteran Gardelli conducts. If the moments of orchestral scene-

virile with a mice air of self-mockery in domestic squabbles. The new Musetta is Marilyn Zschau, all practised glamour in her first two acts — a touch of the Sophia Lorens — without quite the seductive tones for the waltz-song, but suddenly indifferently twice as interesting in the final

big pleading eyes and long frail fingers substituting for anything much like interplay with the other characters. The voice is warm and not frail at all: odd, though, that a creature utterly at the mercy of other people should seem constantly bemused hy some private, pathetic rapture. The solid Colline is again Gwynne Howell; as Schaunard, Philip Gelling sounded dry of voice but cut a respectably vivid figure. It all works well enough, but nobody should expect any little stabs of truth to penetrate through the tasteful

course swimmingly fey as Miml,

Festival Hall

Philharmonia/Ashkenazy

by ANDREW CLEMENTS

Sibelius, Chaikovsky, Rakh-maninov, But, to my ears at least, his provenance in the wider 19th-century orchestral fields has yet to be finally established. And as if to emphasise this uncertainty, Ashkenazy began his concert with the Philharmonia on Friday with Beethoven's Pastoral Symphony. There was nothing remotely uncivilised or gauche in the per

formance. On the contrary, the orchestral playing was a model of fine grooming, moulded and burnished in a way that declared rehearsal time usefully spent. But this was a pastoral scere viewed at long range: an' that negotiated only the gentlest contours in the first movement, a brook which meandered

maninov's Symphonic Dances were introduced by a rare scrap of Skryabin: Reverie, his first (1898) attempt at orchestral writing, which curls and swirls through some fetching woodatypically noderestated climax and subsides. The Dances the second.

gramme, however, saw Ash- withstanding) was given a kenazy on home ground. Rakh- punch and an energy which made it into a true culmination. Thoughout, the Philharmonia was on magnificent form: special words for John Harle's delicious alto saxophone solo in the first movement and for Christopher violin promptings that began

Benefit for author's family

by Alan 'Howard, is to give a special henefit performance at the Aldwych Theatre on Sunday March 7 at 7 pm in memory of Secombe, Felicity Kendel, Jane last year, to raise money for Jones, Simon Callow, Patricia

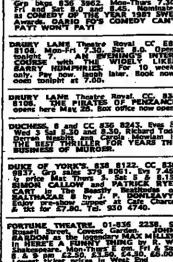
The following actors, who have all appeared in plays by the Aldwych Theatre box office.

The company of Good, headed C. P. Taylor, are among the Routledge and Roy Marsden. Tickets are available from

THEATRES

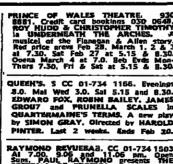
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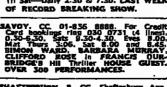




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cross-purposes (6, 5) 7 Mine appears at hack-end

9 Interruption of sentence with point tailing off (5) 10 Started to spray perfume (4, 5)

11 When a tennis player begins to be in prison (5, 4) 12 Siren adjusts hair-do (5) 13 Relative a Pola finds dirty

(7) 15 Leave ont leader (4) 18 Bit of hrass returned to 20 Petty critic of Ring with

leg broken (7)

23 Hearing affliction (5) 24 Tonic made with a sour tang 16 Reference to lion Saul (9) 26 I'm no good at reforming

beggar (9) 27 End of the matter (5) 28 No sound of horse (3)

hreak after another (7, 4)

Form of those who are at 1 What could secure your shirt when you put it on horses (4, 4) 2 Fruit taking strain in Ire-

land (8) 3 Veto a concoction like an egg (5) 4 Bit of wine—a very tiny bit

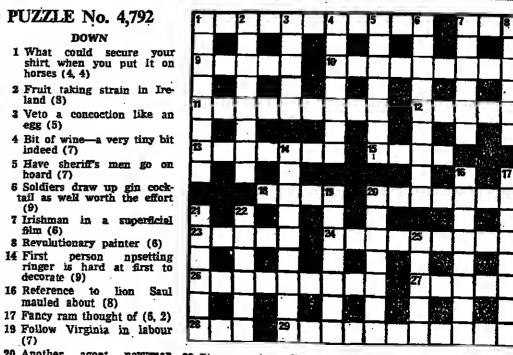
indeed (7) 5 Have sheriff's men go on 6 Soldiers draw up gin cock-tail as well worth the effort

(9) 7 Irishman in a superficial film (6) 8 Revulutionary painter (6)

hard at first to decorate (9) mauled about (8) 17 Fancy ram thought of (6, 2)

20 Another agent newsman 22 Pioneer animatedly producdenied (7)

ment in part of flower (8)



work in (5)

The solution to last Satur

28 No sound of noise (3) denied (7) ing a mouse (6) day's prize puzzle will 29 Leave picture with one 21 Way to prayerful agree- 25 Sentimental agent taking published with names winners next Saturday.

GERMAN STEEL MERGER PLANS

Limping to the altar By James Buchan in Bonn

A way forward Marking are made in heaven, not in Dortmund, and the engagement announced last week between two of West Germany's largest steel concerns scarcely in El Salvador

FINANCIALTIMES

BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY Telegrams: Finantimo, London PS4. Telex: 8954871

Monday February 8 1982

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U.S. POLICY towards El Sal- insistence that these America is appearing increasingly questionable. Wasbing-ton is understandanty concerned as one-fifth of the country—but about the stability of its own backyard and is fearful of a new Cuban-type imbroglio. But last week's decision to treble military aid to El Salvador and Mr Alexander Haig's refusal to the is being received from the country—out the including a far larger share of the population—are under guerrilla control. No one now expects an early end to the fighting. It is true that some fighting is being received from the country—out the stability of its own including a far larger share of the population—are under guerrilla control. No one now expects an early end to the country—out the country—out including a far larger share of the population—are under guerrilla control. No one now expects an early end to the country—out the country—out including a far larger share of the population—are under guerrilla control. No one now expects an early end to the country—out rule out the use of U.S. forces Cuba and Nicaragua, but the

brought Sr Joae Napoledn are bome grown, and represent Duarte to power in San Salvato a considerable extent a redor in October 1979 seemed to action to decades of hardship Duarte to power in San Salvador in October 1979 seemed to offer a chance of tackling the inequalities dividing the country. It promised land represent in large measure those of the Central American and Sr Duarte appeared those of the Central American form and Sr Duarte appeared the ideal figure to spearhead this new reformist course. He had been a respected mayor of the capital. He might well have been the true victor of the 1972 elections invalidated by the military.

Junta

But within three months of the coup the pendulum bad swung back. Leading moderates such as Colonel Adolfo Arnoldo Majano were forced out of the junta. Before long President Duarte, as he had become, was little more than a figurehead.

Today be is under virulent attack from right and left. Land reform has largely run into the sands. He has little control over events and virtually none over the security forces and their death squads involved in many of the 11,000 killings of

the past year.

Mr Haig said last week that
Sr Duarte was "committed to political reform, free elections and economic development."

Niceraguan forces to train the U.S., imposing a virtual economic boycott and leaving open the possibility of military to the conomic boycott and leaving open the possibility of military to the conomic boycott and leaving open the possibility of military to the conomic boycott and leaving open the possibility of military to the conomic boycott and leaving open the possibility of military to the conomic boycott and leaving open the possibility of military to the conomic development." 1980 the country's Give Least Nicaragua's future anguments an estimated 9 per cent. Last Nicaragua's future anguments year the fall may have been become self-fulfilling.

Washington has said that El washington has said that El

Another justification given by President Reagan for sup-porting Duarte's regime, is that it has made progress in buman rights. Evidence from U.S. officials in San Salvador casts doubt on this claim. Moreover, it is still not clear

that the U.S. administration, in emphasing military solutions, is

vador and the rest of Central accept their opponents' offers

in the area are disturbing.

At one time the junta which

Area time the junta which

brought fact is that the guerrillas, however deplorable their methods,

isthmus as a whole. All the countries in it have had to deal with years of rising of bills, the abortage and soaring cost of foreign credits and low prices for their exports. Last year, most suffered falling average incomes and had to turn to the International Monetary Fund.

There is a constructive strand in the Reagan Administration's general policy towards the area. It has announced its intention of providing increased aid and trade concessions to the region, and is trying to involve Canada, Mexico and Venezuela in plans to stimulate foreign investment

But the implementation of this policy has been slow, while it would apparently exclude countries such as Nicaragua and Grenada. Far from trying to win over its potential opponents, the Reagan Adminis-

Salvador " the decisive battle for Central America" and at present is putting its weight behind the elections for a constituent assembly due next month. . But these elections are being boycotted by almost all centre-left and left parties. Under present conditions they will prove little; giving adequate recognition to In these circumstances it is not the social and economic origins clear what the European allies will be achieving by sending decision to increase observers to the elections. Negomilitary aid to its embattled tlations between the warring allies in El Salvador should forces in El Salvador offer the

Profits disclosure by the banks

of whether or not they should and discount houses, rests on be allowed to maintain hidden their perception of the need to reserves in their balance sheets maintain confidence in the and fudge their real profits. It is often overlooked in North America and Britain, where the major hanks reveal all, that the majority of banks elsewbere in the world still cling to the idea that it is in the public interest not to disclose their true profits. Nevertheless, there are signs that the climate of opinion is changing and even the Swiss banks, the most secretive of the lot, are being coaxed into disclosing

Hidden

It is 20 years since the case for and against full disclosure by UK banks was last examined in detail, by the Jenkins committee, and the arguments it used then to support the reten-tion of hidden reserves by banks have lost what little validity they might have had.

more about their affairs,

The UK clearing banks began disclosing their true profits voluntarily more than a decade ago. But despite this move and official encouragement for greater disclosure, more than 100 banks in the UK are still allowed to keep hidden reserves and the Department of Trade continues to add new names to the list, which underlines the urgent need for a review of official policy in this area. Thewhole issue is to be debated by the House of Lords today.

The need for a new look at the position of UK banks has been accentuated by the appearance of an EEC draft directive on the annual accounts of banks which in its present form would allow UK banks to maintain hidden reserves making their accounts of little value to users. To its credit an Influential House of Lords sub-committee. composed of several distinguished banking peers, has pulled the directive to oieces and come out strongly in favour of full disclosure by banks. But the real battle for full disclosure in this instance will not be fought in the UK but on the Continent, particularly in Germany, where the banks have long been wedded to the

need for hidden reserves. The German banks' case for maintaining hidden reserves, rejecte which is generally supported by ments.

FEW SUBJECTS raise bankers' other Continental banks as passions more than the question well as the UK accepting houses

banking system.

By amoothing profits from year to year with the aid of hidden reserves a bank can disguise the size of its financiar problems in any one year which, if known to depositors, might precipitate a run on the bank. Memories of the banking crists of the 1930s, when many banks closed still play an important part in formulating official at-titudes in this field.

This bistorical backgrounce appears to have instilled a greater nervousness amongs Continental depositors than is found among the public in the UK or the U.S. As a result. Continental banks argue strongly in favour of the main-tenance of hidden reserves.

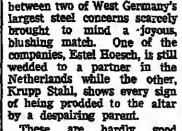
The main disadvantage of non-disclosure, which has neven been adequately disputed, is that sbarebolders and depostors cannot tell how well or badly a bank is doing. By al-lowing banks to hide their mistakes an important spur to management efficiency bas been re-

By not having the discipline of disclosing their true profits bankers may be encouraged in engage in imprudent conduct which would quickly come to light in normal circumstances. The recent record of some of the Swiss banks and one or two UK discount houses supports this argument.

Backward

In addition, there is not much use baving hidden reserves if at the end of the day a bank runs into such financial difficulties that it needs to be rescued by the authorities. It is sometimes said that the Bank of England would never allow an accepting house to fail. If this is the case then there does not seem any need for hidden reserves.

There is no sign that the UK clearing banks have suffered as a result of disclosing their true profits: indeed they have become better understood by the international financial community. The EEC directive in its present form represents a backward step and should be rejected by member govern-



These are hardly good auguries for a partnership which will change the face of steel-making in the Ruhr and profoundly affect an industry that in Europe is now limping into its seventh difficult year.

If negotiations proceed along the lines laid down by the two supervisory boards last Thurs-day, the end of this year will see a new siant steel concern which, with crude steel capacity of around 11m tonnes, a workforce of 70,000, and sales of np to DM 12bn, could well be the aecond largest in Europe after Thyssen.

But before Rubrstahl comes into being, a host of questions must be enswered. All that is known for certain is that Krupp and Hoesch, respectively the third and aecond largest German steel concerns, will merge many. if not all, of their steel operations into Rubrstahl. They will also make major investments for the modernisation of plant which will require massive assistance from Borm and the regional government of North Rhine Westphalia, which covers the Ruhr. This last point is worrying other West German steelmakers, including Thyssen, and frightening the rest of the Environment industry.

the most efficient in Europe, given out to sheet-makers in working at some 61 per cent of Belgium, France, Britain and capacity as against a European Italy since the crisis hegan.

average of about 50 per cent. Even Thyssen, universally

DESPITE THE large losses

government on a national solu-

tion to the steel industry's diffi-

operations would be excluded

from the merger with Krupp

"It is clear that co-operation

with Kruop will be so far reacb-

ing that it cannot be reconciled

with the industrial concept behind Estel," Hoogovens an-

made by Hoesch in West Ger- criteria for the founding of

many the Dutch would have Estel 10 years ago remain, poli-

preferred to solve their prob-lems within the framework of Hoogovens' coastal site at

the bi-national Estel group. But Ijmuiden near Amsterdam is the insistence of the Bonn still favourably situated for the

The reorganisation will incorporate most of the ideas ment the limited location.

worked out by the Estel manage. And in the 10 years of the ment over the past two years. merger the two partners have

The Dutch hoped to the very developed a matching range of last that enough of Hoesch's products. But the Bonn Govern-

for Estel to continue in exist- ing steel-framed beadquarters

ence. But on Friday the overlooking the Rhine in Nij-menaging and supervisory megen, symbolically halfway boards of Hoogoven, the Dutch between the two steel plants.

Despite occasional strains, the

their worst fears had been Dutch-German management of

culties seems set to bring about of finished products.
the end of the last of the EuroHoesch's plant at



The Krupp steelworks: the merger with Hoesch could create the second largest steel concern in Europe.

continuous easting and other modern techniques, as well as a move into special steels, helped protect the industry while the domestic market, at just over 40m tonnes, remained fairly buoyant in the first years of the crisis.

The past two years have changed all that. The persistent recession has bitten deep into producers claim they cannot compete with heavily subsidised steelmakers elsewhere in the the West German market last year. Although Bonn has recently moved into the state aid business, the West German Iron and Steel Federation says The West German steel insignificant in comparison with industry is widely regarded as the most efficient in Europe, given out to sheet-makers in

While all the commercial

tical factors now dominate.

supply of coal and one and for

the onward shipment by canal

Hoesch's plant at Dortmund at the centre of the Ruhr steel-

ment's plans have now removed

the rationale for Estel's gleam-

Estel functioned fairly smoothly, the company says.

Unravelling the ties between

monious. Hoogovens will be

little more than a bystander in

the partners may be less har-

Considerable investment in regarded as the soundest steel concern in the Ruhr, announced last week that it had lost some DM 400m on its steel operations in the year up to last September. Krupp was also backy hit and Dr Wilhelm Scheider, the chairman of Fried Krupp, the parent company, was dropping Krupp can succeed strong hints of wanting to be Hoesch-Hoogovens has rid for good of the product that such a costly failure. had made the name Krupp so Krupp and Hoesch

> Worst off was the Estel concern, the international venture set up in the palmy days of 1972 between Hoesch and Hoogovens of the Notherlands and designed to make use of the Dutch company's competitively priced crude steel and semi-finished products for pro-cessing in Dortmand.

France, Britain and the authorities in Bonn and munders demonstrated outside and service industries.

tennes of the crisis hegan.

Dusseldorf have rapidly lost the factory gates when it between the concern is unlikely is turned.

Thyssen, universally their diffidence over subsidies. came known that Hoesch was the Estel concern is unlikely is turned.

started looking at mergers as lect which, with some DM 240m the best defence against in official aid would eventually recession and Hoesch, which replace three old-fashioned chalked up losses of DM 650m open-heath furnaces. According to the constraint of the constraint. In the past two years alone, was an obvious candidate. The question now is whether Hoesch-Krupp can succeed where Hoesch-Hoogovens has proved

Krupp and Hoesch say yes. First, Krupp Stahl has diversi-fied well into special steels and its 5.5m tonnes a year of basic products, largely from a reason-almost certainly very much ally competitive plant at higher than the DM 4.5bn quoted Rheinhausen, make a con-as required for investment upvenient source of supply for to 1987. But the companies Hoesen's processing and manualready believe they can cut facturing activities. up to 10,000 jobs relatively

As conditions have worsened, modernisation plans. Last while accuring the host of the Ruhr industry as well as autumn, a crowd of Dort-dependent jobs in steel-related the authorities in Bonn and munders demonstrated outside and service industries.

And, inevitably, the industry postponing an oxygen steel project which, with some DM 240m ing to the supervisory board announcement, this plant will now go ahead.

Third, and most important, both Bonn and Dusseldorf have made clear that financial help is contingent on a restructuring programme which will protect jobs in the Ruhr in the long term. The sums required are Secondly, Hoesch was being painlessly and stabilise the orred to shelve crucial workforce at around 70,000 nodernisation plans. Last while accuring the host of

to be a block to further progres stready announced that the profit and loss sharing agree-ment between Hoesch and Hoogovens has been suspended. However, the negotiations over who is to foot the bill for losses already made, and particularly Hoesch's losses in 1980 and 1981, are expected to be bitter and prolonged. Surprisingly, Estel also announced that the involvement with Hoesch will continue even though the Krupp all logic behind the sums-national link.

The future for Rubistahi is clouded. Dr Diether Spetimeum, Thyssen's older executive, thinks that his group will be back in profit in the course of this year with the help of higher EEC steel puless But the constitued use of subsidies and uncertainty over new U.S. antidumping suits are unpleasant prospects for the German industrial prospects for the German mana-try. Equally, the demands of the unions and the politicisms have already ensured that Ruhrstand's investment is more ambitious than first expected, with the new oxygen steel works alone stated to produce 3.5m mores a year.

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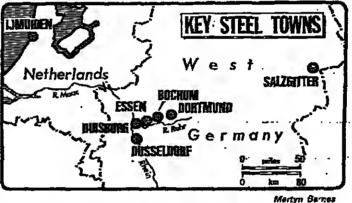
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ecesso

Herr Ernst Pieper, chairman of the state-owned Salignment group, takes the gloomlest view. This may be pently because he, and the Bonn Finance Ministry, had hoped to see Salzgither's troubled steelmaking operations involved in the merger Herr Pieper believes that West Germany can only afford two major seed companies. Thyssen and one other, instead of the present five majors and a host of minors. He also believes that some 15m tennes of capacity will have to be eliminated before the corner

For Hoogovens, it may be a new beginning

By Charles Batchelor in Amsterdam



and Krupp over the formation warned on Friday. of the new Ruhrstahl group. But it is determined to salvage what it can from the de-merger

likely within the next few weeks but dissolving Estel could take several months. An agreeabout the consequences for the the negotiations between Hoesch Dutch

The Dutch are determined to

limit as far as possible their responsibility for alks. losses over the past two years. force on short time. The losses Agreement on Ruhrstahl is Estel's 1980-81 losses amounted of recent years have seriously kely within the next few to more than F1 Ibn (\$390m), weakened its financial position. most of them incurred by the German partner. For much of ment between Krupp and the 1970s, when Hoogovens was Hoesch can only he finalised in profitable and Hoesch in the consultation with Hoogovens red, Estel met half of the losses. red, Estel met half of the losses. It is now hinting that it will company. Hoogovens not be so generous over the past

large loss maker in Hoesch, but it could also lose an important customer. Hoesch took 500,000 tonnes of steel and semi-finished products from Hoogovens last year, 10 per cent of total pro-duction. Krupp now seems set to supply most, if not all, of this. Hoesch has not yet ordered any steel from Hoogovens this year, despite a commatment to take at least 300,000 tonnes

Not only will Estel shed a.

part of its German market and the threat of "anti-dumping" measures by U.S. steel-makers are serious challenges to Hoogovens. The company aiready has 8,100 of its 20,000 workweakened its financial position. the chairman, Mr Jan Hooglandt, warned last month.

Set against these difficulties. Hoogovens has a number of advantages. Its 7m tonne capacity plant at Ijmuiden bas been constantly modernised over the

past decade and can produce low-cost steel. Most of this programme has been financed by the company itself.

Hoogovens last week revealed a: F1 400m investment pro-gramme for 1982, considerably more than the average level of recent years. This is part of a programme amounted early last year, long before the Estel concept was being questioned to improve the efficiency of its annually. Estel will press for rolled products, lube making. the Germans to take at least steel processing and tracing some of the contracted amounts. activities. The company is convalue products, such as tim plete; vehicle springs, transport equipment components and mining, gas and oil exploration compment.

> These activities form only a small part of its current business and will take many yearsto develop. If Hoogovens can ride out the next few years and the signs are that the Dutch Government will increase its support-it may look back on the failure of Estel as a new

Men & Matters

Dawn raider's parting day

As British Rail has found to its cost one man does not tamper lightly with another man's working bours. But when Alan stockbrokers Rowe and Pitman, retires in April be will be remembered not least as the a big fish among the blue-chip man who made breakfast-time corporate clients, and it has a at the Stock Exchange mean substantial presence abroad. more than just coffee and the morning papers.

For it was Hurst-Brown, together with his successor as senior partner Peter Wilmotraid " its heyday. Cazenove, too, had proved itself quick to get the hane of this new weapon in the City arsenal when it went after Serck on behalf of Rock-use. well on February 1 1980. But it was Rowe and Pitman which carried out the headlineprabbing sortie on Consolidated Gold Fields 11 days later, and hy autumn had put another half-dozen strategic stakes under its clients belts.

If RP's corporate image acquired the ruggedness of the SAS around that time, however, its senior partner might have been purpose-built to fill the highly-polished shoes of one of the City's leading stockbrokers with his tall frame, silver hair and patrician bearing.

"I think we got a name for them," he says of the dawn raids, "because we carried them out so efficiently." The Council for the Securities

Industry imposed its own restrictions on dawn raiders-hut Hurst-Brown believes that Big wheels technique would have the established its own limitations in any case. Not only was it becoming clear that raids were generally followed by birs. a leaving the buvers with one per cent of the shares and egg on

brokers less keen to leap into

and gone. Rowe and Pitman has come and stayed in the forefront of its business. Nobody looking forward to a peaceful life in the City would venture anything so invidious as a leaguetable of prestige. But if they did, Rowe and Pitman would be in anybody's top five stock-Hurst-Brown, senior partner of brokers, and most people's top two or three. It may or may not act for the Queen, it is certainly

> Hurst-Brown, now 61, is moving on retirement to Itchen Abbas, near Winchester good country for his favourite recreation, fishing. Rowe and Pitman will, however, not be dispensing lightly with his wisdom. Its retired partners retain a consultant status, and the firm sets aside a communal office for their

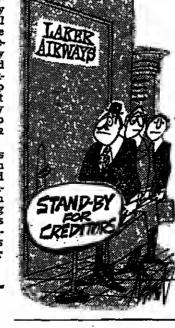
Dog house

One of the less obvious casualties of the Laker crash is the affable Mr Yip, an eminent Hong Kong fortune teller. Noting recently that Sir Freddie Laker is a Dog in Chinese forlune terms, and that the Year of the Dog had just opened, Mr Yip predicted: "This may be a good time to invest in Laker Airways since Sir Freddie is entering a lucky period of his

Other Dogs include Henry Cooper, Barabara Woodhouse, Sophia Loren and Sir Hugh Casson. They have been warned.

President Leonid Brezhnev, I see, has been chosen to replace Lenin at the bead of Rolls-Royce Motors' second advertise. discouragement to ouick sellers: ment in the series featuring its but a mismanaged raid or two. car owners who "shaped the world.'

Some of the present owners their faces, might have made were asked if their names could be used in the ads. Only one Rolls Ford was visited by a gent titled Englishmen refused - in a bowler hat who said he bad While dawn raids have come others like Sheik Yamani were come to check that everything



delighted. But Brezhnev was not approached. Does be still own a Rolls? "Oh, several," I am assured.

The campaign, linked to the latest Rolls model, the Silver Spirit, is the work of Michael Fox, creative director of Cogent R-R's advertising It took some two Elliott, agency. delving through the months' archives to compile the 138 names used so far - and more lists are planned.

The ads, featuring such disparate notables, past and present, as the Aga Khan, King Farouk, Muhammad Ali, Rudyard Ripling, and John Lennon, have apparently stimulated a flood of congratulatory day in which the writer used a letters and, Rolls trusts, more export orders to top its £77m total last year.

faction so far is that of Henry A year after he bought his

Ford wrote to Royce that be was "astonished" by the visit. After I've sold one of my cars, I don't want to see or hear of it again," be declared.

was all right with the car.

Over drive

The Burmese Government meanwhile, has launched a purge on the veteran jalopies which clutter the streets of Rangoon because they are "not in keeping with the dignity of the capital."

A recent government report complained that the vehicles "no more serve a useful purpose in transportation services and their frequent breakdowns cause blockage of traffic lanes posing a danger to passengers as well as pedestrians."

The cars—many of them around 40 years old—had also

become a cause of fuel shortage, the report added. In the past year, over 2,000 of the capital's 57,000 vehicles

have been deregistered and action is to be taken against a further 1,000—most of them either "three-seater saloons converted into pickups for 5-13 passengers, or Japanese threewheelers with handlebar steer-

Dilapidated specimens will not be consigned willy-nilly to the rubbish dumps. They can be moved to other perts of the country, the Government says, where presumably dignity is less easily disturbed.

Poles apart

Polish friends got a letter from their home country the other couple of pages to vent her feelings about the military regime. The censor left the string of Perhaps the owner's name rudely descriptive words published with greatest satis- untouched by his blue-pencil but inserted a short note protesting

mildly that "we are not all like

Observer



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We mean business'

FINANCIAL TIMES SURVEY

Monday February 8, 1982

Philippines

President Marcos has over the past year introduced economic and political reforms at breakneck speed, partly because he recognises that the country's various economic ailments need swift and major surgery but also because he has begun to think about the succession —and the fact that time is no longer on his side.

Marcos turns his mind to a successor

By David Dodwell

"I NEED one or two years more," President Marcos said under the deafening rotary thud of his Presidential Puma sidled past a large cross set chaos and disorder . . . prevailable peak of a hill in Bataan ing throughout the country."

there is still enough turmoit to there is still enough turmoit to the Philippine Army, besieged by the Japanese, chose to fight to the death rather than surrender. Among the few to survive the ordeal was President Marcos. It was here that Ferdinand E. Marcos became a war hero and that his political career began. Sight of the cross and the once-familiar fighting terrain slipped the President into pensive mood: I am willing to step aside and be a benevolent father and ceremonial figure, or even re-

comment confirmed speculation that the President is lay the framework for a kind preoccupied with the succession, and concerned about the place to be left to him in history. It illustrated that he is aware he is no longer young, that he must ensure an orderly changeover, and reminded the tiny group within earshot of the many unconfirmed rumours of the President's illness.

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... Bine Sof

Carrie Sing.

75/2

But it also throws up contradictions. It is impossible to jeopardise the achievements of 16-year rule, or that be parties] are waiting for." would relax his grip on power, before a safe succession was ensured. If the way forward to any resignation or retirement in two years' time is clear to President Marcos, it is clear to

Poverty

While the state of public order is much improved since September 22, 1972, when the President declared martial law because of "wanton destruction of lives and property, wide-spread lawlessness and anarchy, keep over 160,000 troops busy

across the country. While economic gains bave and poor. Extreme and growworkers, and fisherfolk, nourish the grassroots support for Communist enerrillas of the New Peoples' Army (NPA) and the separatist Moro Liberation Front National (MNLF)

While the President has over the past four years begun to of compromise between a one-party state and a multi-party democracy, the political party he has created, the Kilusang Bagong Lipunan (KBL), is in the words of one foreign obser-ver, "widely seen as more an assemblage of personal interests than an effective tool of one-elections for the party government." The Presi-Assembly in 1984.

dent himself noted recently." Everybody believes that if I step down, the party will break. That's all they [the opposition

While Marcos claimed. "I am not worried about the succession because we now bave been able to start prepariog all the members of the executive to replace me," be said

The President under our conwants to be. That's the truth about it." While various names are mentioned as potential successors, including his wife Imelda Marcos and Defence Minister Juan Ponce Enrile, there is no clear heir. A power struggle seems almost inevitable, in which bloodshed and military involvement could not be ruled out.

The President's concern over the succession should be seen been recorded over the past 16 In the wider context of his con-years, there is still a yawning cern to maintain the pace of political normalisation in Philippines which begao in 1978 ing poverty, particularly among with the appointment of the in-upland farmers, plantation terim National Assembly. Keen to be remembered not as a dictator but as creator of the New Republic and aware that time is not on his side, the President has quickened the pace of reforms to such an extent over the past year that he has thrown the opposition into complete confusion.

The formal institutions of martial law were abolished in January last year. In June Marcos sought constitutional legitimacy in Presidential elections. He now promises elections by "consensus" in the country's 40,000 harangays (vil-lages) in April and plans full elections for the National



President Ferdinand Marcos

So far, however, the liberalisation has been more symbolic than real. While the formal institutions of martial law have gone, the President has retaiged his wide-ranging authoritarian powers. While he won the Presidential election easily. he was opposed by no-one of calibre, and many areas boy-cotted the election. Those areas have been the location of sweeping military operations over the past four months. The barangay elections, to take the form of a consensus vote rather than a secret ballot, are likely to ensure a KBL victory. Most people

been routed in a free poll.
While the claim to liberalisation should be taken advisedly, It bas attracted a positive

believe the KBL would bave

adherence to democratic Unemployment worsened, as processes." He said U.S. policies retrenchment in industry forced preferred "authoritarian gov- shut-downs, and as a further "totalitarian

Apart from the somewhat surprising U.S. eulogy—a sharp militant contrast with the criticism pointed at the Philippines over its buman rights policies by the previous Carter Administration -there are other signs that the reforms of the past year foreign audience as much as

that at home. President Marcos was keen to establish a favourable atmosphere ahead of the Pope's longdelayed visit to the Philippines in February, and to polish his image ahead of the Cancun summit in October. Hints from the Saudi Arabian Government that oil supplies would be cut unless the Government gave more attention to the problems of its Moslem minority may also

have encouraged reforms. These arguments are even more persuasive given the inauspicious setting for reforms. The financial crisis following the disappearance of financier Dewey Dee in January 1981 described by Sr Jaime Laya, the central hank governor, as the worst crisis ever to hit the country's banking system—sent sbock waves right through the economy.

prices for the Philippines' main commodity exports - coconuts, sugar, copper and gold - and unprecedented an sequence of severe typhoons. Rural poverty-over 50 per cent response in the U.S. from the Reagan Administration. Vice sist on incomes below the President George Bush said in poverty line—was undoubtedly Manila in June: "We love your aggravated. of the country's population sub-

700,000 youngsters entered the factors must have nurtured the tendency, nourished grass-roots support

On the face of it this tendency is contradicted by the facts. The rash of urban guerrilia mbings which jeopardised the liberalisation process in autumn of 1980 has ended. The military ciaims major victories against the NPA and MNLF, and has given considerable publicity to carefully staged mass surrenders. But opposition parties complain that many moderate supporters are defecting to join the militant Left. and there is evidence to suggest that the NPA is laying low.

Per capita:

Philippine pes.

Perhaps then, the lessons of the militancy and conflict that erupted on the streets of Manila during the last half of 1930 were that eight years of martial law have bred only a continued need for martial law, and that if Marcos were to wait for an auspicious time to relax, then he would probably have to wait for ever.

There are signs that President Marcos has reached the conclusion martial law is simply not a style of government that The economy was vulnerable sits naturally on the shoulders anyway, with rock-bottom world of the easy-going Filipino prices for the Philippines' main people—or for that matter on his own. As one foreign diplomat noted: "There was always a strong element of ad hoc-ism in Marcos' military rule, which is probably not surprising in a society which must be the nonconfrontational society

CONTINUED ON PAGE VIII



	
BASIC :	STATISTICS
Area: 116,000 sq mile	25 Trade 1981 (est.)
Population: 50	m Exports: \$5.9b
GNP (1972 prices—est. first half 1981): \$12.38h	n Imports: \$8.4b
GNP growth rate: 5.2 per cer	Trade with UK 1981:

Imports from:

CONTENTS

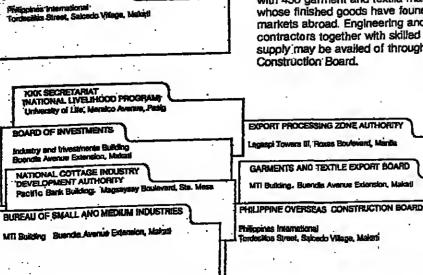
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J.S. presence	V	Wood-fired power	/ VIII

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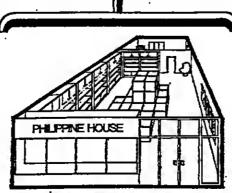


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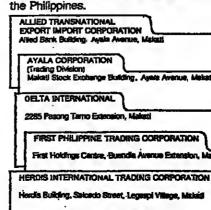
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particularly the PHILIPPINE NATIONAL BANK

World recession takes heavy toll

THE PHILIPPINE Government will remember 1981 as a -and at this admittedly early stage there is very little to make them feel more optimistic about prospects for 1982.

Last year began with the disappearance of Mr Dewey Dee, textile entrepreneur and banker, who left behind about \$80m in largely unsecured debt aid triggered what Mr Jaime Laya, the central bank goveroor, described later as the worst run ever encountered on the country's banks. In the severe liquidity crisis that followed the bank introduced sweeping reforms of the financial sector and was forced to take emergency steps to rescue a number of investment houses and leading manufacturers.

This crisis, coupled with the world recession which depressed both international demand and prices for the Philippines' largely commodity exports took its toll of both the agriculture and industrial sectors of the economy. To compound the country's economic problems an unprecedented number of severe typhoons wrecked crops and ruined homes and roads. Even tourist receipts—one of the leading foreign exchange earoers—fell from the 1980 level, in part hecause of government moves to stop the package "sex tours" which came mainly from Japan.

At the same time the cost of imports rose relentlessly, with oil imports, the main aggravating cause, costing 40 per cent more than in 1980.

The outcome is a drab set of economic Indicators. Gross National Product (GNP) rose hy 5.2 per cent at hest-far helow the annual 6.5 per cent target set for the country's current five-year plan period, and the slowest growth rate among the five member states of Asean, of which the Philipplnes is a

Export growth was only 3 per cent according to provisional figures for the fioancial year which ended in December. This compares with a 26 per cent rise in 1980. Imports meanwhile grew by a provisional 11 per cent in value, after a 26 per cent increase in 1980. A trade deficit of \$2.3bn is estimated for the year, up from \$1.94bn in 1980, with a deficit on the current account of \$2.5bn and an overall deficit of \$375m.

Vulnerability

The poor performance of the coconut Industry, which is critically important to the country since it employs directly or Indirectly about one third of its workforce, illustrates the vulnerability of most of the Philippines' commodity exports to the whims of world pricing that has more to do with speculation than with the forces of supply and demand.

Exports of coconut oil, the most important coconut product, rose by 10 per cent, but income slipped by about 51 per cent. The income on all coconut pro-duct exports fell by 81 per cent to about \$770m according to recently obtained provisional Export income from sugar, bananas, coffee, copper ar-1 even gold, suffered in a

In order to keep debt repayment below the ceiling set two their tight management of the of agricultural crops for export. agriculture.

The problems of the coconut • Improving the country's inyears ago (20 per cent of the previous year's export earnings) reserves bave been run down by about 20 per cent to \$2.5bn. This sum still covers four

months' imports. An official unemployment level of just 4 per cent disguises a much higher level in the politically sensitive metropolis of Manila and would be higher still if the indicator were not defined so as to exclude anyone who has had one hour of profitable employment in the past three months.

Among the few bright spots is the rate of inflation, which has fallen to about 10 per cent from the 20 per cent levels of the late 1970s. If oil prices stay steady over the coming year, as they are expected to do, then inflationary pressures may ease still further.

Many government officials compiain that economists lay too much stress on these various



Prime Minister Cesar Virata, who is also Finance Minister, heads the team entrusted with the task of reviving the economy

progress. But the country's progress would probably appear much worse if expressed in more human terms. For example, GNP per capita is an austere \$780. But this papers over the yawning gap between the country's rich and poor, and disguises extreme and worsen-ing poverty among the country's rural farm and plantation workers and fisherfolk.

sities of 1981-many of which were outside the control of the Government-and the country's heavy dependence on the depressed U.S. economy, it is evident that the Philippine economy is essentially marking time, waiting for the upswing in the developed countries. This, after a lag of about six months, would inject fresh life into the domestic economy. Therefore recent bints that recovery in the U.S. may still be distant can hardly be encouraging news in Manila.

In the face of this adversity the Government's technocrats can take grim comfort in the knowledge that things would have been much worse without

Fund to the numerous commer. future, with continued depres- will be well aware of the dire cial bankers and investors in sion in world prices and power- state of the roads. A national immense damage to the economy without prompt and sweeping reforms imposed by Mr Laya at the central bank. Instead, foreign confidence has been maintained, with foreign investment for 1981 likely to better the \$226m of 1980 by about 7 per cent.

Similarly, the energy import bill would bave soared by much tion. Overall consumption of oil products fell hy 5 per cent and while a large part of this was due to lower consumption the country's depressed industriai sector, some at least can be attributed to the Govern-A 30 per cent cut in petrol con-sumption in 1980 was followed hy a further 19 per cent cut last

A strong drive to boost rice the country to self-sufficiency in future and are necessary to foodgrains and allowed important foreign exchange savings.

At the same time a policy of positively encouraging labour migration—mainly to the Middle East—has helped reduce unemployment at home and is generating much needed foreign exchange. An estimated 500,000 workers repatriated about \$1bn in 1981—and perhaps much more through illicit channels.

The external difficulties come at a time when the economy is vulnerable, poised as it is in the middle of an undoubtedly painful period of turning industry round from protection and import-substitution to being export oriented and inter-nationally competitive.

This turn-around has shown some signs of success, with strong growth among "nonsome signs of success, with strong growth among "non-traditional" exporting industries like textiles and electronic components. But even here sustained growth is unlikely unless the problems of "cronyism" (privileges won by virtue of close relationships with the President or other members of the first family), members of the first family), corruption and a grossly inadequate infrastructural base are tackled as a matter of high

by the technocrats around him, year food production rose 5 has been made well aware of per cent while the population extent to which economic increased by almost 3 per cent growth and poverty alleviation --- yielding a net increase in food Because of the various adver-ities of 1981—many of which problems, In the country's new put has not improved satisfive-year plan, now finalised and due for implementation in desplte massive spending on January 1983, there is at least verbal commitment to tackling them. Highest priorities in the

> boosted domestic energy pro-By exploiting the geothermal coal, power, hydro-electric potential and dendrothermal (woodburning) power using the "miracle tree." ipil-ipil, domestic sources are planned to meet 50 per cent of domestic demand by 1986. This compares with 7 per cent in 1978 and 22 per cent

Most foreign financiers, from industry are unlikely to be frastructure. Anyone who has the International Monetary resolved in the foreseeable travelled away from Manila the Philippines, feel the crisis ful domestic vested interests power generating capacity of preventing much-needed reform just 4,800MW is inadequate for triggered by the Dewey Dee preventing much-needed reform affair would have wrought of the industry. The need to an industrialising country. Teleconserve timber reserves, to communications generate more income from the. timber industry by establishing timber processing plants and to conserve fast-depicting fish stocks, adds to the pressure to find new agricultural products

for export. • Incentives for small and medium-sized industries, particularly in the countryside and more than 40 per cent without based on processing agricultural impressive efforts at conserva- products. This will be the primary source of new employment in the country, and will be the prime target of the Government's new and widely publicised KKK or national livelihood programme.

 The 11 major industrial ment's energy-saving campaign, projects. These are to be A 30 per cent cut in petrol con-pressed ahead with varying degrees of urgency despite fierce domestic criticism because the Government is convinced that they must form the foundaproduction has at last brought tion for industrial growth in the the country to self-sufficiency in future and are necessary to

The awarness of-and formal commitment to overcoming-major obstacles to economic growth is there. But how effectively that commitment will be translated on the ground has yet to be seen. Future economic cannot afford to slip far from the targets of the five-year

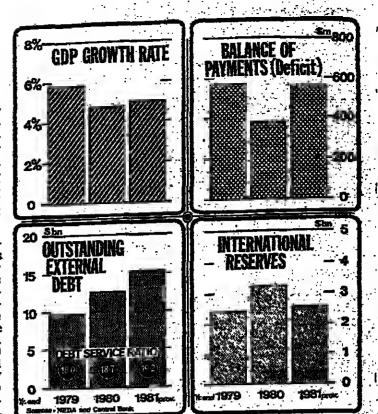
While oil prices are likely to remain steady over the coming year or two; they are unlikely to fall, so the pressure to boost exports will remain intense. At the same time signs that mainland China is keen to take a larger share of the world's trade in simpler electronic products, and textiles and garments, but pressure on domestic Philippine industry to

move into higher technologies. Similarly, population growth in the Philippines is still rapid, with an extra 700,000 people

year. The problem of generating jobs for these people is formidable. While self-sufficiency in food-grains has been achieved this year, such selfsufficiency cannot be assured while the population continues to grow at about 2.6 per cent a year.

An extraordinary - and perhaps short-term - headache is likely to be a rash of labour disputes. During eight years of martial law most labour disputes were effectively forbidden. But in the year since pressures mean the Government 'martial law was lifted and more trade union freedom granted, there have been about 250 strikes — more than the total for the whole martial law period. This year is likely to prove worse rather than better.

It is a measure of the international confidence in the men managing the Philippine economy — most prominently Mr Cesar Virata, Prime Minister and Finance Minister, Industry Minister Roberto Ongpin, and central bank governer Jaime Laya — that it can continue to attract international loans on favourable terms and fresh foreign investment despite the



The group of graphs above illustrates the economic dilemma. Growth of GNP last year was just over 5 per cent—well below the 6.5 per cent target set in the current five year plan. Poor export performance has increased the balance of payments deficit and cut into reserves. External debt is up, but here the country has the reassurance of a continued sound credit rating abroad

Much hangs on the coming five-year plan. Emilia Tagaza outlines the strategy.

Three sectors given top priority

energy are the trio of top priorities in the Philippines' development plan for 1983-87. Economic planners envisage a well-fed population manning a industrial sector fuelled largely by domestic energy sources. When put firmly in place the three ele-

plan's first priority is to grow enough food even in the remotest villages.
Gains in agricultural pro-

priority.

President Marcos, influenced ductivity have been largely off-set by population growth. Last ductivity have been largely offfactorily over the last few years agricultural infrastructure like more widespread extension serplan are: vices and greater availability

Energy conservation and of agricultural credit. (By decree commercial banks are required to reserve 25 per cent of their loan capital for the agri-

Low agricultural productivity and a poor system of food distribution, have resulted in malnutrition among Filipinos. While the pian aims at expanding agricultural yields it places special emphasis on food production for the "nutrition-Production of a wider range ally at-risk and deprived popu-

cultural sector.)

DEVELOPMENT PLAN TARGETS 1983-87 (real growth rates, per cent, at 1972 prices) -

1980	1981	1983-87 (annual average)
4.7	5.0	6.5
5.9	4.9	5.0
6.0	6.3	7.6
4.8	(6.1).	6.2
5.9	5.7	7.7
9.7	13.4	7.2
5.5	4.4	6.1
	4.7 5.9 6.0 4.8 5.9 9.7	4.7 5.0 5.9 4.9 6.0 6.3 4.8 (6.1). 5.9 5.7 9.7 13.4

lation group."

The plan has a two-pronged approach. The grassroots side looks to improved and stable income for farmers as the best aims to ensure the eventual incentive to raise yields. Cultivation of all land suitable for agriculture. Government planners admit costs and the plan aspires to achieve both through the expansion—plus rationalisation industrial sector. Philippine accelerating the development

Accelerated

Agrarian reform will be accelerated in order to increase the number of owner-cultivators, who are assumed to be more productive than tenant farmers or share-croppers. The system of buying and marketing agricultural produce is also to be rationalised in order to weed out the thick layer of

The other side-rationalisation of land use-recognises the problem that more and more agricultural land is being converted to commercial and

industrial uses. The plan sees that much more land will have to be put under the plough as the population grows. The plan

-of existing agricultural infra-industry during the past decade and production of domestic structure projects and credit has relied onimport, substitut- fuel sources specially for inlight industries .whose domestic market is not expand- of these. ing rapidly. The plan's industrial strategy is to stimulate manufacturing for exports. Philippine industry is to be made internationally competitive on three fronts.

For a start, existing importsubstituting industries are to be modernised and expanded to raise efficiency. Secondly, smail- and medium-scale industries are to be encouraged since they contribute significantly to increased employment and dis-persal of industries to rural areas. But to qualify for Government incentives small-

medium-scale ventures

and

must strive to export part of significant amounts in order to their output.

Thirdly, capital-intensive foreign exchange savings to basic industries are to be more productive activities. established to provide links with existing extractive and light manufacturing industries. Promitted in the plan's ultimate goal is to raise annual per capita income from viding impetus for the development of heavy industries are 1987. The problem with Ministry of Industry's 11 major statistics describing average industrial projects. These are incomes in the Philippines is also partly directed towards the that they take an account of export market. A big portion of the manu-

facturing sector's production expenses go in enrgy costs-80 per cent of the country's total commercial energy comes from imported oil. The plan's target is to build up the country's domestic energy sources, eventually reduce the country's dependence on imported oil to about 50 per cent of energy and ultimately provide less expen-sive and secure energy industries that are to get priority

dustrial use. Coal is foremost Cement plants are to be used as pilot projects for oil-to-coal conversion. The Industry Ministry plans extend coal use to more industries, including textiles and other energy-intensive plants. To reduce power costs further. more power plants fueled by coal or geothermal energy will be built so that oil-fired thermal plants can gradually be retired

Self-sufficiency in energy is treated almost as a panacea at a time when the Philippines trade and payments deficits are worsening. The planners bope to reduce oil imports by narrow the deficits and so direct

OI

the current \$780 to \$1,700 by the uneven distribution of wealth. The plan admits that the "differences in income and development among regions throughout the country are alarming. The metropolitan Manila area continues to be the greatest beneficiary of national development efforts while wide spread and sometimes extrane poverty can be found in the central region of Bicol and in northern and western Mindanao in the southern Philippines.

Programme -

Under the plan the formula for more equitable income distribution is the new national livelihood Kilusang Kabuhayan at Kaunlaran (KKK). Through the KKK programme small and medium sized projects will be financed in communities throughout the country. These are to be owned and managed by the villagers themselves and funded partly or entirely by the Government through selected private financial institutions which will provide professional guidance. The plan predicts that the KKK will increase people's participation in productive and gainful activities, will significantly reduce underemployment and limit unemployment to a maximum of 4 per cent by 1987.

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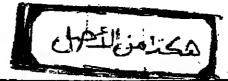
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Alleged members of the NPA killed in a clash with the military

WHEN President Marcos declared martial law on September 22 1972 his justification was "wanton destruction of lives and property, widespread lawlessness and anarchy, chaos and disorder . . prevailing throughout the country." When he formally revoked martial law in January last year be claimed this was possible because internal stability had been re-established.

Yet the guerrilla armies of the NPA and MNLF remain at large and many opponents talk of a steady collapse of public order and increasing political militancy. If such claims are valid then nowhere would it be more apparant than in the turbulent south eastern province of Dayso on the island of Mindanao. David Dodwell visied the province to gauge the

Conflict of claims

AT HIS desk behind an ornate metal nameplate, the swashbuckling mayor of Davao, Sr Elias B. Lopez, moved on to the offensive: "We would like to treat the bombing of Davao Cathedral in April last year as an isolated incident. The situation certainly isn't perfect, but neither is it that bad. We have subversives, but they are not the monopoly of Davao City. They are all over the Philip-

He stabbed a finger across the desk: "You have been travelling about Davao. Have you found a climate of fear? Have you seen the military or tanks on the streets? "

His rhetoric, typical of the establishment in the urban centre of Davao, was fair. Out-side the potholed streets of the city were clogged with brightly painted "Jeepney" taxis cruising anarchically in search of passengers. In the busile it was easy to maderstand the city's "Wild West" reputation. But there was not a soldier to be seen, and the pop music blaring

But 100 miles to the north, beyond foads made impassable by heavy rain, one is told the mood is different. In Davao del Norte and neighbouring Agusan del Str. the 37th infantry battalion of the Philippine Army has since October swept in against Communist guerrilla bands of the New People's Army (NPA). By all accounts this is wild

country, with roaming bandit bands boasting exotic names like "Rock Christ," "The Lost Command" and "Rural Reform" -some of them used informally as private armies by local plantation owners. Villagers in the area have been pressed to move from their homes into consolidated villages as part of a military strategy suspiciously similar to the "hamleting used by the U.S. Army in the Vietnam war The aim is to deny the NPA the food, shelter and safe haven which used to be offered them in the area and to make military assaults on the NPA simpler

The army claims the policy has been a great success and plans to use it when necessary in other troubled areas of the southern Philippines. The NPA has withdrawn from the area. The local villagers, gathered together in manageable urban groupings, can now be provided more easily with the services which the Government failed to provide in the countryside— like schools, health centres and electricity. They can also be watched more closely.

Request

The military claims that the "handeting" policy was not imposed by them but simply implemented after a request from local councils. But the speed with which the Mayor of an Vicente, at the centre of the troubled area, responded to a military request to travel south to Davao City for an interview with me must cast serious doubt on the inde-pendence from the military of these local government

The picture as described by aries and health workers trasts standing the troubled area con-trasts starkly with that painted by the military. The talk is of villagers living in fear of the army who have been forced to demolish and move their homes twice in the past four months. The missionaries report gross overcrowding in the enlarged villages, of increasing ill health as a result of poor sanitation, and of villagers having to walk up to 12km a day to and from their fields, with body checks on exit from and entry to the village and of a dawn-to-dusk

Far from agreeing with the military's claim that villagers by and large approve of their

new life, the mission workers talk of amouldering resentment and of villagers more than ever alienated from the authorities. In the words of one missionary: "If the army withdrew to-morrow the NPA would return in greater force and would have more widespread public sym-pathy than they had before the military came in."

Even Mayor Lopez confirms the missionaries' claim: "The people are being sandwiched between the Government and the NPA, so their best policy is to dance with the music. But the far-flung barangays (villages) there are subversives and people are close-lipped. When they won't talk you know there is something they don't want you to know."

While admitting that public order could probably not be maintained without the military and claiming at the same time that accusations of army brutality or abusiveness were exceptions rather than the rule, establishment figures admit that relations between the army and from almost every shop cer the local people were poor, tainly did not suggest a climate "But what would you expect?" one said. "It is the police who are trained to pacify and maintain public order, while the army, on the other band, is trained for combat. They are trained to kill."

Source

Like the missionaries, many groups in the community see poverty and other economic problems at the source of discontent. Few are per-suaded that military operations, no matter how effective in strictly military terms, can root

Heavy spending on the area's infrastructure has been financed largely from World Bank and Asian Development Bank funds. In addition the funds of the new KKK—or national livelihood—programme are to be tapped to provide joba and business opportunities to subsistence farmers in the area. But whether these funds can penetrate through the layers of bureaucracy and corruption in the community has yet to be

Davao City leaders do not accept that attempts to consolidate landholdings by large domestic companies and foreign plantation groups—attacked as land-grabbing by critics, and indisputably forcing subsistence farmers off their lands in some instances — have aggravated that the "pigmeering ventures" that the "pioneering ventures" of plantation companies "can produce more employment and improve the living conditions of

many villagers. At the same time, however Mayor Lopez acknowledges that a 15-month dispute over the outcome of the January 1980 mayoral election in Davao—a dispute in which the defeated mayor refused to vacate his office until April last year—has inflicted damage on the region's development. "During the dispute the city was at a stand-still. Everyone was working on a 'hold-over' basis, and the city's development plan was left idle. Rural barangays were especially neglected. That is probably why so many of them began to sympathise with the

certainly. extremists in Davao are at bay. Whether the military has managed to inflict serious injury on them or whether they heve simply slipped into neighbour-ing provinces to lie low is impossible to discern. Either way it is clear that the military can only provide local leaders with a breathing space. If they can use this space to improve the livelihood of the rural poor then they may yet wean them away from the extreme options offered by the NPA. If they cannot then there is no doubt that radicalism will spread, per-haps to imperil the stability of

More relaxed regime still leaves doubts

"PRESIDENT MARCOS probably looked in a mirror and tion parties who were convinced realised he is running out of that the result was "pretime," mused one foreign diplomat, perplexed as he was, by the hectic sequeoce of political reforms introduced by the President over the past year.

Martial law has been dismantled. Presidential elections held, the National Assembly strengthened, a Prime Minister appointed and the cabinet given more euthority. The Press—though still not free—has a little more freedom. Nationwide "elections hy consensus" are to be held at harangay (village) level, probably in April.

freely held hut are to be based on e consensus vote. This almost certainly prevents the ruling party of President Marcos, the fillusan Bagong Lipunan (KBL), from receiving the electoral druhhing which most observers feel it would get in a free poll.

Pointing to the "sad state" of the opposition parties the ably in April.

Commentators have been confounded by the pace and scope of the changes. "Is the President losing his grip or Is he still the master of the Philippine political cauldron, allowing a little steam to be let of an ing a little steam to he let off ?" one questioned recently. Political opponents and critics of President Marcos, who over the past nine years have learned

to be wary about what they sey for fear of attracting the heavy-handed interest of the martial law authorities, are still deeply Accepting that many of the formal institutions of martial law have been abolished, they note that the President has kept wide-ranging authoritarian provers for more than in the

They note that elections at the barangay level—which would be extremely difficult to manipulate since there are more than 40,000 barangays across the country—are not to be freely held hut are to be based on a consensus rate.

Pointing to the "sad state" of the opposition parties, the President has in recent months repeatedly called for mergers between them as a counterweight to the overwhelming dominance of the KBL. "Vodoubtedly the KBL is too strong," he said recently. "We cannot allow a party to run roughshod over everybody. We cannot he sure we [the KBL] are right always. Such power will encourage abuse by individual members of the process." vidual memhers of the party." But opponents have until now waved his request aside, seeing it es a siren call intended to lure them on to the rocks end ruin. Yet the opposition has been tempted and tantalised hy President Marcos's reforms. It is a rash politician who is not now powers—far more than in the looking at the days beyond French Presidential system, on President Marcos and to the which the new republic is sup-posed to be based. The Presi-dential election, held last June, atruggle for power that is likely to take place in his wake. Since many are convinced that the

KBL, which was created hy Marcos and is unified solely in its support for him, will frag-ment when Marcos steps aside, they are keen to be in a position of strength when that day

For this reason, the United Democratic Organisation Democratic Organisation (UNIDO), which has until oow merely been an umbrella for different political parties, is likely soon to transform itself into a single party uoder unified leadership.

But just how much further the UNIDO can extend itself heyond the two parties which currently share its umhrellathe Necionalistas and the Liberals - is open to doubt. Two recently created parties which are thought likely to be able to generate strong backing
— the Social Democratic Party
(SDP) of Rueben Canoy end Francisco Tatad and the Philippine Democratic Party (PDP) which has grown out of the ashes of the Mindanao Alliance -are likely to stay aloof.

The PDP shuns UNIDO's old patriarchal leadership style. The SDP is widely suspect. mainly because one of its founders. Tetad, was until some years ago head of public rela-tions for the President.

Committed

One opponent, echoing this suspicion, said: "Tatad was not only the Marcos apologist, be

that people still take him as a Marcos man." For all that, Canoy and Tatad are two strong politicians who are committed to proving sceptics wrong.

The issue of the succession is definitely at the front of President Marcos's mind: "I need one or two more years. I am not worried about the succession because now we have heeo ehle to start preparing the members of the executive to replace me."

In hoping to bequeath to the country a reconciled political system, President Marcos recognises that it is not the executive but the new President who will have to balance the country the razor's edge."

Two names ere most frequently mentioned as possible successors. His wife, Imelda Marcos, is known to be personally amhltious, hut is strongly disliked by many Filipinos. As Minister of Human Settlements she has considerable power. By virtue of controlling the new KKK national livelihood programme she theoretically has power through patronage which extends right to the village grassroots.

Defence Minister Jnan Ponce Enrile also has powerful backing, and is close to the Presi-

Others sometimes mentioned are Prime Minister Cesar Virata -who as a hard-working and impeccably honest technocrat and financial overlord has an

tion and thus a political base of sorts inside the country—and Blas Ople, the Labour Minister, who is close to the President and sees the union movement as bis political base. An eminence grise is Mr

Benigno Aquino, who is currently in self-imposed exile in the U.S. and faces a death sentence if he returns to the Philippines. Aquino is described hy ell who know bim as a formidable political leader, with immense popularity in the country. It is doubtful whether President Marcos would ever allow him to return freely to the country, but if he did. Aquino would he an immediate and powerful political force. As one foreign diplomat noted: "I don't think you can write Aquino off so long as he is

After nine years of martial law the military in the Philippines have acquired considerable power. While they bave no tradition of direct intervention in politics, observers feel they can oo longer he relied upon to stay aloof in the event of a scramble for power when President Marcos steps down. At the same time, however, the army seems as faction-ridden as the wider body politic, so it should not be assumed that tbey would enter the political fray as a unified force.

Aloof from this struggle for temporal, power, the Roman Catholic Church maintains

impressive international reputa-tion and thus a political base of the guidence of Cardinal Jaime sorts inside the country—and Sin it has been an important moderating force in recent years. There is, however, a growing body of Cetholic clergy which is advocating a more direct, and sometimes militant, role for the church. Cardinal Sin counsels caution: "If the church hecomes entangled in the politics of today, it will become the widow of the future." he argues.

Political extremism is still a constant worry for the regime of President Marcos. While the highly publicised urban guer-rille bombings of late 1980 have died away, support for the Communist guerrillas of the New People's Army (NPA) is strong, parts of the conntry.

There are conflicting views on the seriousness of this threat, with the military arguing that the situation is better now than it bas been for a decade. But many observers heg to differ, particularly some of the opposition leaders who see supporters defecting in a steady stream to join the militants.

While radicalism is currently no more than en irritant, it can of any politicel upheaval in the future its supporters might play a critical part. The Government of President Marcos has still done little in the poorer parts of the country to root out the causes of extremist sympathy.

David Dodwell

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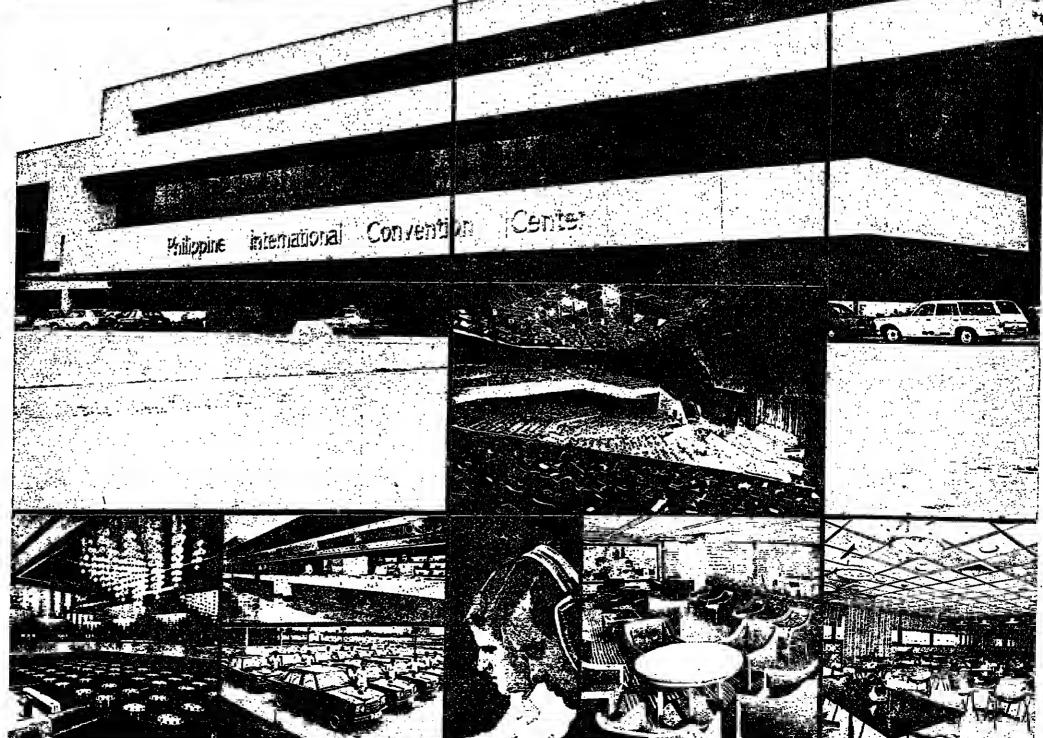
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(Off Shore Banking Unit)

Anxiety as food production fails to keep pace

IN THE LATE 70s agricultural production was the showcase well. Maize output last year of the Philippines' development grew by 16 per cent to 3.6m agricultural growth last year is times serve as rice substitutes, agricultural grown last year is causing anxiety among government planners who now have to pared with the previous 3m work assiduously to sustain tonnes — vegetable production work assiduously to sustain food sufficiency and security.

Estimates from the National Economic and Development Authority, the country's economic planning body, show that agricultural output last year grew by 5 per cent, slightly less than the previous three year's average of 6 per cent. But by more than 2 per cent.

Quite disturbing is the output a day. in grains, particularly rice, the Philippine's staple food. According to a Ministry of Agriculture report, rice production last year dropped to about 5.2m tonnes, a distressing decline from 1980's record barvest of 7.5m tonnes record barvest of 7.5m tonnes acceleration in root production and 1979's 7.2m tonnes. Grain is the rationalisation of land self-sufficiency, in fact, was use. The five-year development attained in 1979 and for the first plan prescribes the eventual time since the mid-60s the cultivation of all lands suitable time since the mid-60s the cultivation of a country exported about 250,000 for agriculture. tonnes of rice to Brazil, Indonesia and Malaysia.

Last year, however, exports were at a negligible level and may be stopped altogether this year. Mr Jesus Tanchonco, administrator of the National Food Authority (NFA), the centralised procurement and export body, said that NFA will place most of its procured rice on inventory to cushion any crop damage this year.

The fall in production was to destructive typhoons last year, drought in some rice-growing regions, and reduced acreage.

While there are pressures on the Government to keep official support prices down for the benefit of urban wage earners, it must also improve and stabilise the income of farmers who comprise the majority of the country's labour force. The Development Plan (1983-87) states that in the next five years there will be important changes in support and ceiling prices for rice and corn. aim is to keep farmers' production costs low and produc-tivity high through greater speoding oo agricultural infrastension service.

This year doesn't hold much efforts. But the deceleration in tonnes. Root crops, which some promise for the coconut indus-

> rose from 0.5m to 1.7m tonnesand fruits and nuts increased from 5.7m to 6m tonnes. Despite the self-sufficiency in food, mainutrition remains a fundamental concern. The food and nutrition research institute

(FNRI) said that the Filipino's average daily calorie intake in given a population growth of 1981 was about 1,880 calaries, a almost 3 per cent a year, last marked improvement from the year's agricultural output in 1980 average of 1,670 calories, real terms could not have grown but still below the FNRI's recommended level of 2,020 calories One reason for widespread

malnutrition is the failure in raising agricultural output at a fast enough pace with population growth. One government strategy intended to ensure an acceleration in food production

The abysmal performance in 1981 of the country's foremost cash crops, coconuts and sugar. contributed substantially to the erosion of real income. coconut industry, which directly or indirectly employs 16m Filipinos, equivalent to 33 per cent of total population, has traditionally been the country's top export earner. The country accounts for 80 per cent of the world's coconut trade. As such, its export performance has a trigger effect on the economy, from trade and payments balances, to investment and industrial activity and ulti-

mately incomes. In the mid-70s coconut producers benefited from rising prices of coconut oil. The national economy also benefited as the incremental dollar earnings from coconut helped to offset the meteoric rise of the oil import bill. But when the average price of cocount oil plummeted from 44 cents a pound in 1979 to 30 cents in 1980 and to the current average of 25 cents, the economy was

Coconut production last year was estimated to have increased tructure such as irrigation, 10 per cent from 1980's output farm-to-market roads, and ex- of 2.1m tonnes, but the value of 2.1m tonnes, but the value .crop, has been erratic owing to of coconut exports is assessed depressed world prices. Sugar

Other food crops have fared to have just equalled 1980's

try. The continuing slump in world prices especially of coconut oil has spawned domestic controversies that resulted in major changes in the country's pricing and marketing policies. Changes were introduced only last month and while the industry adjusts to new policies, dementic trading in copra (dried coconut meat) and the production of coconut oil have virtually come to a standstill.

The controversies centred on two issues—the coconut levy, an amount collected from farmers which is later returned to them in the form of subsidies—and the unified system of exporting coconut products. There were strong pressures for the levy suspension and the dismanting of the marketing monopoly of the United Coconut Oil Mills (Unicom), the quasi-govern-ment body which controls about 85 per cent of the coco-

The new policies meet these pressures half way. From a fixed levy of 50 centavos per kilogram of copra, the industry will now follow a sliding percentage hased on world coconut prices. But whenever the price goes below 20 U.S. cents a pound, the levy will be suspended. The Government also announced a gradual dismantling of the unified marketing system, allowing any qualified trader or exporter to sell copra and other coconut

While the future of coconuts as an export crop is threatened. the Philippines is developing alternative uses of coconut oil to disentangle the commodity from its dependence on the volatile export market. Industry minister Roberto Ongpin is pushing for the accelerated implementation of a giant coconut chemical processing plant designed to convert the bulk of the country's coconut oil output into fatty alcohol used in the manufacture of soaps, detergents and cosmetics. The Government also talks about exploiting the coconut fruit as a food product and coconnt oil as a hlend with diesel for use as engine fuel.

Meanwhile, production of sugar, the other star export

crop year was 24m tonnes, 4 per cent higher than the pre-

vious year's output, but 17 per

cent below the good harvests

of 1975-76. Many sugar planters, pessimistic about future sugar prices have switched to other cash crops. Others, reeling from high production costs (fertiliser and labour) have cut down on production. Still others want to go into mechanised farming but their tight liquidity prevents them from doing so.

As a way of offsetting the expected decline in coconnit exports, and to cushion depressed sugar prices, the Philippines has ventured into commercial estate production of palm oil, So far, 33,000 hectares have been set aside for oil palm plantations in Agusan del Sur province in the southern region of Mindanao. Since the phenomental growth of the banana plantations in Davao province, also in Mindanao, the emergence of palm oil estates is perhaps the most significant agribusiness development in re-

The Malaysian-based Guthrie The Malaysian-based Guinner Holdings and Keck Seng of Singapore are cultivating 16,000 hectares of plantation land. Their output, both that fruit and palm oil, will all be exported. All foreign commissions into plantapanies venturing into planta-tions in the Philippines have to tie up with the state-owned National Development Com-pany (NDC), the only local firm allowed to own more than 1,000 hectares of land.

The establishment of new plantations, the growth in dom-estic use of traditional export crops, and the vigorous efforts at rationalising production costs and maximising agricultural productivity are all important achievements. But as the World Bank says in one of its Philippine reports, one essential role of the agricultural sector in the development process is the production of surplus commodities to fuel industrial growth, as food for the labour force and as capital through foreign exchange earn-Cash crops may have con-

tributed to industrial growth and to enhanced export earnings hat the country still cannot boast of surplus food for its rapidly growing popula-

Emilia Tagaza

Ambitious plan for rural areas

PRESIDENT MARCOS KKK— possibilities of using it for or national livelihood—propolitical purposes. This is in gramme is being halled by the part because the KKK is to be Government as a panacea for co-ordinated by the all-the country's poor. But many embracing Ministry of Human political critics and opponents Settlements, which is headed by see the programme as the hest the President's wife and, the pork barrel yet created by the country President for the dispersal of Marcos. political patronage. The Kilusang Kabuhayan at

ment, which was esteblished in August last year, is aimed at two critical problems—per-sistent and sometimes pernicious rural poverty nnalleviated by economic growth as reflected in conventional economic statistics and the wide and widening gap between rich and poor in

Philippine society.
Official literature describes as the key concept of the KKK social development of the entire country by transforming the country's 42,000 barangays (villages) into self-reliant productive communities through the establishment of various livelihood projects or enterprises to be owned and managed by the community residents

KKK projects covering livestock, forestry, fisheries, cottage industries and productive use of animal and vegetable wastes are intended to generate employment, improve family incomes, foster entrepreneural initiative at the village level and encourage energy saving. They are seen as complementing the Government's plans to invest heavily in improved infrastructure across the country and to build up large capital-intensive industries.

In his State of the Nation speech before the National Assembly on January 16 President Marcos reiterated that the KKK was "a programme of critical importance which we cannot afford to slow down." The programme "integrates all our efforts to uplift the individual Filipino through selfreliance and the utilisation of private capital," he said. The Government would pour into it as much available funds as can be released from all

The KKK, originally set up with a seed fund of Pihn, has been allotted a further Pibn in the budget for 1982 and is expected to get a total of P11.1hn over the next five years. Mr Cesar Virata, the Finance Minister, said last month that hy the end of 1981 P494m of the reach. fund had been committed on a

total of 1,687 projects. tiveness and concerned over the Aportadera admitted, was that likely to do more than provide

country's First Lady, Imelda

One correspondent recently described the Ministry as "a Kaunlaran, or movement for bottomless pit for spending national livelibood and develop- large sums of money on lowjects." Critics say the KKK programme not only duplicates activities of other ministries and banks but furnishes the First Lady with an important source of political power through patronage.

One foreign diplomat said: The KKK is the perfect pork barrel, whether it is used that way or not. It provides Imelda with the means to spread her grass-roots support and to apply political leverage right down to the barrio (village) level."

Political opponents have been quick to point out how valuable the KKK funds will be ahead of Barangay elections to be held in just over two months' time. Evidence to support the sceptics claims is almost impossible to find at this early stage. close examination of KKK projects approved so far in one the country's 12 KKK administrative regions — Davao the southern island of Mindanao—provided no backing for the sceptics' fears. Instead, however, it highlighted many of the problems linked with mounting such an ambitious

Arturo Aportadera, regional action officer for the KKK programme, aims to approve projects in 1982 worth about P200m. But teething problems in the first few months of the programme's life have meant it has been slow to begin processing projects. By the first week of January just 28 projects had been approved. worth P2.2m, with a further 13. worth P7.5m, almost ready. The poorest areas in his

region - Surigao and Davao Oriental - have attracted only a small proportion of the funds so far. "As I expected; it's the more prosperous areas that have the greatest capacity to absorb new funds," Sr Aportadera noted.

Banks have been reluctant to lend to farmers who have no collateral, even though it is exactly these people that the KKK funds are supposed to

There have been clashes with other Ministries, which feel the KKK is usurping their responsceptical about its likely effec- similities. One consequence, Sr PHILIPPINES TRADE* FIRST TEN MONTHS-(\$m)

2 244		
XPORTS .		1981 1986
AFUILIS		665.57 625.97
oconut products		756.75 1,009.27
finerals		
		408.74 417.74
ngar		343.82 255.45
arments‡		
orest products		329.98 373.31
Uses presentables		238.42 219.3
ruit and vegetables.	<u> </u>	113.64 113.70
ectrical goods		
farine products		100.90 106.2
		72.83 66.2
hemicals		
ther		648.79 624.2
		3,679.44 3,811
[otal	1 × 1 * 1 * 1 * 1 * 1 * 1 * 1 * 1 * 1 *	
MPORTS		0.404.04 1.440.1
Petroleum		2,404.04 1,440.1

Non-electrical machinery 313.76 211.46 Iron and steel 287.39 Transport equipmen Electrical machinery 128.84 Chemical compounds 124.60 Miscellaneous manufactured articles 129.34 123.98 Textile yarn fabrics

* Central bank data based on customs † Of which copper \$463.07 (\$584.41). ‡ Non-traditional

Faced with a widening trade gap the government is seeking a quick boost in exports. Peter Bruce reports.

Industry's task of heading export drive

THE PHILIPPINES' intention NCSO claimed clerks to direct its industrial effort expurts worth \$608.68m for the away from import substitution first nine months of the year, and towards exporting has been with the Ministry indicating that widely publicised, as if it were an established fact.

While it is true that exports of non-commodity "non-tradi-tioual" goods have risen the ful thinking has crept into these most dramatically in the past four years, official receipts for the first 10 months of last year easily retained their traditional ranking as the country's main \$113.64m, against \$113.70m for export. Sales of electronic com- the 1980 equivalent. ponents, identified by some On imports, the disput-statistical sources as having led ties persist, but the picture not only the non-traditional is less confusing. The Central sector int also the entire export, market last year, are ranked only eighth according to Central

Bank receipts. Mining sector exports as a figure. exports for the first 10 months. fell to \$463.07m from \$584.41m

Sugar exports, which tradi-tionally vie for second place with the mining industry, stood \$408m last October; down only 2.1 per cent from the previous year's receipts of chiefly exports of unprocessed logs, dipped slightly in the first 10 months after the Government imposed curbs on the export of logs in an attempt to generate a local processing industry.

Nevertheless forestry exports kept a place among the Philippines top five export earners, having dropped 11.6 per cent by last October, after sales of \$373.32m during the same period in 1980.

The Philippines total export earnings for the first 10 months of last year were \$3.80n, down only 4.5 per cent from the 1980 equivalent. Overall 1981 export totals published by Mr Jaime the Central Bank Governor, last month reveal a marginal improvement in export ter, with the total fall in earnings from 1980 narrowing to 4.31 per cent. Total exports in 1981, the governor reported, were \$4.45bn, compared with

\$4.65bn in 1980. This relatively stable export performance was almost entirely the result of continued growth in the "non-traditional" sector, where receipts from manuments, electrical components, chemicals and furniture were by October last year 10.12 per cent up on the corresponding period in 1980.

Despite the ranking garments took in 1981, hopes for the non-traditional manufactured sector are also strongly pluned on the electronics industry. The National Census and Statistics Office (NCSO) in Manila and the Ministry of Trade and Industry in will probably reflect the were last month hilling elec-same mixture of "guestimates" tronic components as the biggest evident in other parts of the export earners of 1981. The plan.

earnings for the whole year could reach \$864m, up 28.7 per cent on 1980.

figures is hard to say, but the Central Bank figures, based on customs receipts for the first 10 show that coconut products months of 1981, show electronic components earnings of only

Bank says imports for the first, 10 months 1981 totalled \$6.05bn up only 0.68 per cent on the Ministry of Trade's ninemonth

whole fell 25.02 per cent to Total imports growth, according to the Central Bank, slowed trates, which accounted for from 26 per cent in 1980 to 42.37 per cent of minerals about 10 per cent last year. with export performance, a trade deficit of \$2.5bn is expected for 1981, some 47 per cent higher than the 1980 deficit. The trade balance was most

seriously damaged by a 38.97 per cent rise in the cost of oil in ports and petroleum products i the first ten months of last year. The total off and perso-leum import bill, at \$2.4m, accounted for more than a third of all imports by last Ochober. "Non-electrical machinery" was the country's second biggest im-port, according to the Central Bank's ten-month breakdown. costing \$823,67m, down 13 per cent from the 1980 equivalent.

Faced with a widening trade

gap this year — the Government is carry projecting export growth at 10 per cent in 1982 against last year's decline and a repeat of last years growth in imports of 10 per cent the Philippines is trying to move quickly to boost expans.
The five-year development plan adopted by the Government last month talks of the necessity for industry to undergo 3 major restructuring to serve the main source of econo exchange." The chief focus of which are the so-called "U major industrial projects." The pro export and will cost an estimated \$400 by the time they are all on stream by 1985.

Imports during the plan's

span (1983 to 1987) are projected to grow at 12.9 per cent a year, with exports outpacing them, by an average admiss growth of 16 per cent The final draft of the plan

however, carries a pointed re grand scheme is its asthor has left blank the projected growin of non-traditional experts for the five years. And the figure when it is eventually per

no cottage industry projects had yet been proposed. "We have been imprisoned by a sectoral bureaucracy. The problem is the KKK is not a sectoral programme, so people. feel threatened."

The Ministry also has a critical shortage of technical staff to evaluate or monitor. projects and it may take severalyears to train enough of them. As a result of these problems early beneficiaries of the pro-gramme have tended to be hig local companies. Sr Aportadera concedes that these early projects are likely to be a book to such companies and are un-

employment for local people.
So what it big companies profit local the scheme. As long as ordinary people gain inc. I don't mind.
So Abortsdora argues find these profitens are all part of the lievitable teaching trumbles argued in establishing inchies.

involved to establishing such an ambitious scheme Like America's President Reagan he is convinced KKK is a highly imaginative policy." But is accepts the scheme has still in prove itself. These are early days and people are entitled to their doubts until we paye otherwise.

David Dodwell

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Consolidated Assets at 31 December 1980 exceed US\$47 billion.

Business in the Philippines?

U.S. presence and the

DRIVE ALONG Roxas Boulevard, on Manila's waterfront, on side you will pass some of the monuments to Philippine progress erected by the Government. But the only significant gathering of Filipinos oo the Boulevard is outside the U.S. Embassy. This is the visa queue.

13:75

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trade gap

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quick boost is

The first Filipinos begin to line up outside the gates of the Embassy, America's second higgest foreign mission, before six in the morning. By 10 o'clock their ranks will usually have swollen to 300 or more. The stories they put before the American consulate officials are not new to former colonial powers. There is no work at nome; there are relatives in the U.S. to eare for them; Philip-pine nuiversities are not good soough; no job will be too hard. But the post-colonial experience of the Philippines differs markedly from the territories cooce ruled over by the Euro-

Where Tanzania Zambia, India and Mozambique and their former masters have retreated from each other, the cultural, economic and military ties between Manila and Washington have strengthened sinre the U.S. granted the Philippines inde-pendence to July 4, 1946. The American Dream is more vivid than ever. Los Angeles Dodgers baseball caps and pennants line the walls of a mining corporation president's office; posters of Superman and Linda Ronstadt cover holes in the walls of Manila ghetto bomes; broadcasters fight a losiog battle with the Yankee accent,

Io Makati, Manila's busicess district, the American presence is quantifiable. Despite attempts by the Philippine authorities in the past five years to reduce the latands' dependence on U.S. inade and investment, little has changed.

Between 1970 and the end of : 1980 direct U.S. Investment in the Philippines totalled \$752m. or 49.5 per cent of total foreign investment. While the Japanese took 20.6 per cent of direct investments compared with America's 16 per cent io 1980. by June last year the Americans vere ooce again the leading foreign investors, with 28 per cent of the total of PS50.5m against Japan's 6 per cent. Overall U.S. investment in the Philippines is estimated to he about \$1.4bn. The biggest private bank is American Citibank.

But the cultural and even commercial ties between the two countries have never been top priority in Washington. Since U.S. warships first entered Manila Bay on May 1 1898, the military relationship be-tween the U.S. and the Philippines has always been para-mount. Their first contacts involved a steamy guerrilla war after the Americans had ended four centuries of Spanish rule and taken the Philippines for themselves. U.S. control over the islands since then has become relatively benign and

Today U.S. capacity for rapid military intervention in South-East Asia depends largely on the continued use of its facili-ties at the Subic Bay deepwater naval base north of Manila and the huge Clark Air Force base in central Luzon.

Opposition

There is, however, wide opposition, of varying intensity, in the Philippines to agreements with the U.S. on military assistance (for the Philippines)

The U.S., sensitive to its military postures in the region after the war in Vietnam, agreed in 1979 to recognise Philippine sovereignty over Subic and Clark, Filipino commanders have also been installed in both hases. Washington appeared to have calculated that the 1979 agreements, while essentially cosmetic, would strengthen the legitimacy of the U.S. military presence in the Philippines.

Former Assistant Secretary of State for East Asia and the Pacific, Mr Richard Holhrook. Pacific, Mr Richard Holfrook, asid in Manila a few weeks before the Carter Administration left office last year that the importance of the bases to the U.S. during the Carter Presidency had been increasing. "These bases are important to the U.S. against fewered positions." the U.S. as our forward positions in the western Pacific," he said. The agreements expire in 1991. Both sides are now gearing themselves for talks in 1984 which might involve further tinkering with the details. Manila wants to instal customs officials at Clark and Subic and will he looking for "more meaningful" aid under the military assistance agreement. "We need to upgrade the quantity and quality of the equipment," a

long accord

cated weapons under the agree-ments before projecting discus-sion beyond 1991.

The military implications of President Reagan's election were not lost on Manila. Despite the Carter Administration's successful defusion of tension over cootrol of the bases, the Government of President Ferdinand Marcos maintained a posture of indignation at the Carter human rights crusade and Manila is reported to have come out on to the streets to celebrate the Reagan victory.

Already, one senior Foreign Ministry officer claims, President Reagan has proved as tough as his rhetoric. Precisely bow tough remains for the moment a secret, but the officer said there had been an "almost immediate" increase in U.S. military assistance to the Philippines onder the Republi-can President.

Reservations

Despite the enthusiasm, how ever, the same official echoed reservations about the U.S. that fairly recently, as the Philip-pines has expanded its foreign policies through the non-aligned movement, the Association of South - East Asian Nations (Asean) and the United Nations.

A suspicion has taken root that the U.S. neither understands nor particularly cares about the economic crises fac-ing the Philippines and the rest of the Third World. While the U.S. has pelpably acted to restrict concessional aid to the Third World through the World Bank and the International Money Third World and the International Money Third and the International Monetary Fund and has turned up its nose at the North-South dialogue, the Reagan Adminis-tration, in Manifa's eyes at least, against Moscow over the Polish crisis than President Carter did

Americans are too notsy, know how far Reagan can go with the Soviets.

"I don't know when the Americans will come of age in international relations," he con-tinued, "You cannot guard against U.S. immaturity. would like assistance in the development of our economy an improvement in our terms of trade. But the U.S. doesn't hear when we talk about developing our economy to make us

If these thoughts begin to find expression in foreign policy the 1984 military pact talks are likely to have more than a military price tag hanging ove

The Filipinos have always had a love-hate relationship with the U.S. Mrs Imelda Marcos, the country's First Lady, neatly reflects the schizophrenia. While nearly 1m Filiplno were killed by the Japanese during World War II the U.S., she aaid, has "abandoned" the Philippines and helped Japan become a world leader. Almost in the same breath, however, she said: "I love America. I only knew one country until I was 16. I knew how to eat apples before

bananas."

U.S. diplomats in Manila are conscious of the political leverage they enjoy in the Philippines and will probably make full use of it to prepare themselves for the most fiercely burning element in Philippine domestic politics—the Marcos

Upper-most in the thoughts of the Americans is, probably, a man in self-imposed exile in the U.S., former Senator Benigno Aquino. He faces trial however, for refusing to return to detention after being allowed to undergo heart surgery in the U.S. in 1980 and many feel he will lose popularity the longer be atays out of the country.

Nevertheless the success

will prove critically important to the U.S. "Marcos will be the last Philippine President to bave gone through the world war II experience, the blood compact," a diplomat said."

"He's the last of a generation."

Meanwhile President Marcos

is likely to travel to the U.S. this year, his first visit since the days of the Johnson Administration. In the medium term the U.S. presence in the Phili-_30,000 private citizen and 34,000 military personne and their families at Clark and Subic-seem assured. In the words of one East Bloc diplomat "relations between the Philippines and the U.S. must worsen one day. They could hardly get any better."

Peter Bruce

Aim is more positive role within Asean

Ministry official, stung by the suggestion that his Government sat on the sidelines of Asean affairs, said recently.

The Philippines' close economic, political and defence links with the U.S., coupled with its geographical remote-ness from the conflict in Kam-puchea which has for three years been the main pro-occupation of the five Asean member states, has often led commentators to ignore the Philippines when considering

Asean affairs.

But this may now be a mistake. The Philippine Government is keen to dilute its heavy reliance on the U.S. and is convinced after six years of uncertainty over the level of U.S. commitment to the region that its own economic interests, and the region's security interests, are best served within Asean.

. Mr Carlos Romulo, the veteran Philippine Foreign Minister, may temperamentally prefer to maintain a low profile but as present chairman of Asean, which also comprises Thailand, Malaysia, Indonesia at a time of almost unpreredented flux for the group.

"THE PHILIPPINES is much more than an honest broker inside Asean. In fact it has a very positive part 10 play," a senior Philippines Foreign Ministry official, stung by the suggestion that his Government sate of the suggestion of an open rift than at a suggestion that his Government state of the suggestion of an open rift than at a suggestion that his Government sate of the suggestion that his Government state of the suggestion of an open rift than at a suggestion that his Government sate of the suggestion that his Government state of the suggestion of an open rift than at a divisive influence."

The PHILIPPINES is much from Asean met at the Thai now, for the first time, Kaiu-puncha appears to be emerging pine foreign policy spokesman as divisive influence."

The sense of momentum felt in the immediate wake of the suggestion that his Government suggestion that his Government suggestion that his Government suggestion and the suggestion in the immediate wake of the immediate wake of the immedi Singaporean suggestion of an international appeal for arms for the "United Front" coalition comprising Son Sann.

Prince Norodom Sihanouk and the Khmer Rouge which Asean is trying to bolster as a viable alternative to the Vietnamesebacked Heng Samrin Govern-ment in Kampuchea.

Shelved

While Thailand and Mataysia backed Singapore's proposal, Iudonesia was strongly opposed -and unhappy because it felt it had not been consulted before the proposal was un-velled. If the Philippines had sided with Singapore then Indonesia, the giant of the group, would bave been forced to capitulate. Instead, however, the Philippines counselled caution, reminded members of the overriding need for unity and sided with Indonesia. The

suggestion was shelved. The disagreement in Pattaya perhaps marked a watershed in Asean's short history. In the words of one senior Philippines Foreign Ministry official: "For and Singapore, has been playing three years the Vietnamese an important peacemaking role occupation of Kampuchea has n important peacemaking role occupation of Kampuchea has must stop sbort of pushing it tration because they were oever the further into the Soviet camp, accelerated its growth as a "It is important to keep its commitment to the Philipment of the Foreign Ministers mature political grouping. But channels of communication pines in particular and South

difficult to pinpoint any transible progress towards Vietnamese withdrawal or establishment of an independent government in Kampuchea.

pucheal problem is one that does not lend itself to an immediate solution. Perhaps now we should shift our concentration to make sure that we in Asean do not become vulnerable to military threat or intermediation."
The present consensus seems

Vietnamese incursion into Theiland io June 1980, has now been tost. It is proving difficult to sustain world interest in the conflict, difficult to allow this single issue to dominate the diplomatic activity of the regional governments for a fourth successive year, and difficult to nippoint any Vietnam's talented diplomate.

government in Kampuchea.

"We wouldn't close our minds to a legally cosmetic solution," said one Foreign Ministry official. "This [Kam-agreements on military bases." military assistance and mutual defence put the Philippines firmly in the shadow of the U.S. Pacific defence umbrella. Relatioos have been greatly improved since President Reagan came to power. His

to be that Asean must accept the Chioese view that a long slow war of altrition is inevitable lf Vietnam is ever to be persuaded to compromise Part to be disliked for his preoccupation with human rights—an issue which often to be disliked for his preoccupation with human rights—an issue which often to be disliked for his preoccupation with human rights—an issue which often to be disliked for his preoccupation with human rights—an issue which often to be disliked for his preoccupation with human rights—an issue which often to be disliked for his preoccupation with human rights—an issue which often to be disliked for his preoccupation with human rights—an issue which often to be disliked for his preoccupation with human rights—an issue which often to be disliked for his preoccupation with human rights—an issue which often to be disliked for his preoccupation with human rights—an issue which often to be disliked for his preoccupation with human rights—an issue which often to be disliked for his preoccupation with human rights—an issue which often to be disliked for his preoccupation with human rights—an issue which often to be disliked for his preoccupation with human rights—an issue which often to be disliked for his preoccupation with human rights—an issue which often to be disliked for his preoccupation with human rights—an issue which often to be disliked for his preoccupation with human rights—an issue which often to be disliked for his preoccupation with human rights—an issue which often to be disliked for his preoccupation with human rights—an issue which often to be disliked for his preoccupation with human rights—an issue which persuaded to compromise. But law which then prevailed in members feel a policy of the Philippines. Filipinos also "hleeding Vietnam white" distrusted the Carter Adminis-

were publicised created con-siderable anxiety in Manila and some anger among allies in "The Philippines realises the value of co-operation between the U.S. and China but we wisb there was more substance than "Harm bas heen done in some Asean countries and it has

made them less objective and halanced on foreign policy matters in recent months."

irritant in bilaterial relations with Malaysia. The problem between engagements with the Philippine armed forces.

The issue has proven so sensitive that all Philippine spokesman—up to and including Foreign Minister Carlos

of January that he has an agree-ment with Malaysia and that the two countries are "in a period of working out various imple-menting measures."

"We have an agreement to implement or understanding that the claim should he formally withdrawn under certain conditions, the President said. "This includes assurances that there will be no threat to the Philippines, or to Sabah. We have given mutual guarantees."

A further area of foreign policy concern to emerge in recent foreign policy concerns has been the dispute with Malaysia over the Philippines' claim on Sabab. In 1977, President Marcoa verbally committed bis country to make the property of the Philippines' critical and mutual and an area of foreign policy coorden to emerge in recent years has been the meed to botster links with the Moslem world. This has been essential not simply hecause of the Philippines' critical and mutual and bis country to withdrawing the the 260,000 Filipino guest claim but the absence of subsequent progress has been an but because of the Moslem the country's southern-most that anti-Marcos Moslem guer-rillas are currently using Sabah for training and for safe refuge

Manaysta. The problem the country's souther-most island of Miudanao. Carefully nurtured links with moderate Islamic states like Saudi Arabia and Kuwait have helped to reduce the appeal of the Moslem separatists, who now rely more on the radical memhers of the Islamic world.

David Dodwell

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Banking reforms open way to more stable capital market

bank

intact, its 2,000 institutional par- rates.... ticipants gearing themselves for Based on this, and subsequent term rates. Mr Dewey Dee, a Chinese textile behind debts worth about \$80m. The market turned out to be a fragile creature.

enough to throw the system into the market, corporate collapses and government investigations some 370 institutions were fined 830,779 pesos for various viola-tions of money market rules and Bancom, one of the couotry's foremost financial conglomerates, was systematically dismembered. Manila's inter-national business flagship, the Construction and Development weights stung by government rescue operations. Not even the market watchdog, the Securities Exchange Commission, escaped without mud nn its face.

Mr Dee's timing was perfect. The financial system, sophisticated and competitive to a degree that belied its size, had proved stubbornly resistant preoccupation with short-term-lending in to the longer-term capital formation thought necessary to serve the country's development needs. The run on the markets last year presented an ideal opportunity to step in with new reforms.

According to Mr Jaime Laya, who became central bank governor days after Mr Dee fled, plans to generate a domestic capital market were afoot months before Mr Dee's flight. In 1979 the Government com-missioned a World Bank report on the problem, which concluded, in part: "The [financial] system does bave its shortcoming. Perhaps the most significant drawback is the relatively undeveloped state of the loogterm capital market. . . . The commercial banks have overwbelmingly been involved in sbort-term credit, and some of

tive financial systems in the east temptation of short-term away at the marginal differen-

another record 12 months in analyses, the central bank is Now, advocates of unibanking money market turnover. Nine now trying to establish institudays after new year, bowever, tions capable of resisting the system into specialised parts tycoon, fled the country, leaving market. Their bopes have economies of scale and discourthe market turned out to be a for the Philippines, a Unibanks, they say, could cut ragile creature.

"unibank," or universal bank, costs, spread their risks and The Dee default was blg which absorbs most, if not all, stabilise deposits to an extent performed by a plethora of ing long could be comfortably specialised Government banks, indulged. chaos. After the ensuing run on performed by a plethora of commercial banks, quasi banks companies.

A year ago only the state-owned commercial banks were allowed Corporation of the Philippines to take np equity positions in topped a list of industrial heavy-industry—private commercial banks were limited to 25 per cent stakes in "associated indus-tries" and could not underwrite eommercial paper-investment bouses, designed in fulfil longterm financing needs, under-wrote securities and were permitted to "promote, sponsor, or otherwise assist" commerce and industry but took no depositsto attempts to coax it out of a. and, finance .companies _were limited to discounting and issu-

ing paper, and to leasing.
The money market began its chiefly around promissory notes. In June 1980, for instance, business in the notes accounted for about 44 per cent of total transactions in the market, by June last year that bad

grown close to 60 per cent. While there have been no legislative barriers to long-term lending, most commercial banks in the Philippines have found short-term lending more attrac-tive. The central bank bad, in circumstances, been prepared to discount short-term paper but would not touch anything maturing over 12 months. Instead, a sbort-term roll-over

traditioo bas developed, with the banks and investment

ALLIED BANKING

BANK OF AMERICA NT & SA

BANK OF THE PHILIPPINE

CITYTRUST BANKING

ASSOCIATED CITIZENS

COMMERCIAL BANK OF

EQUITABLE BANKING

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INSULAR BANK OF ASIA &

CORPORATION

CHINA BANKING

CORPORATION

CORPORATION

CORPORATION

TRUST COMPANY

CITIBANK, NA

BANK

ISLANDS

MANILA

AMERICA

PHILIPPINES

CORPORATION

BANK

the British who were there, for example, investment bouses as short term were likely to be system.' recall Dunkirk. The year began (similar to the UK's merchant rolled over for at least a year. with one of the most competibanks) have succumbed to the The fee income also helped chip tials between long- and sbort-

Now, advocates of unibanking "temptations" of the money squanders chances to exploit focused on a new type of bank ages long-term risk taking, of the functions now being where borrowing short and lend-

Governor Laya's unibank car-(investment houses) and finance rots in the commercial banks have been considerable. The The system that the authori- new banks will be allowed ties are now trying to remould greater freedom to take up has grown fitfully since World equity, long-term interest rates baye been allowed to float and cial requirements as they arose. unibanks will probably receive A year ago only the state-owned preference at the central bank rediscount window. Tax incentives may also be offered.

Pressure on the central bank to generate a domestic long-term market is strong and urgent, chiefly because the Government is now committed to an ambitious five-year development plan, much of which concentrates on encouraging local medium-sized industries and offers few attractions for foreign lenders.

But Manila is dotted with sceptics whn believe that a number of banks would find it hard to meet unibank capitalisation requirements without losing spectacular growth in the mid-their identity in mergers (which 1970s and has always revolved the central bank would applaud). and that specalisation bas strong historical roots.

One critic of Governor Lava's reforms of the financial system is Mr Sixto Roxas, wbose Bancom empire collapsed after the disappearance of Mr Dee. Mr Roxas generally held to be the architect of the Philippines money market, argues that the absence of long-term finance in the country reflects badly on central bank policy and not on the structure of the system.

Drawing on the World Bank report, Mr Roxas said in a paper published last month that It was "certain that (the) reform in structure without a change in the financial climate (ie central houses profiting from recurrent the financial climate (ie central charges. The World Bank estibank financial and monetary

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THE HONGKONG AND

THE INTERNATIONAL

THE MANILA BANKING

TRADERS ROYAL BANK

SHANGHAI BANKING

CORPORATE BANK

UNITED COCONUT

PLANTERS BANK

CORPORATION

THE MANILA BANI

THE CONSOLIDATED BANK

PHILIPPINE NATIONAL BANK

PHILIPPINE TRUST COMPANY

BANKERS ASSOCIATION OF THE PHILIPPINES

Manila Philippines

ROSTER OF MEMBER BANKS

The report bad argued that discretionary policy measures carried out by the central bank in the years preceeding the 1981 crisis, during which Mr Laya spent five years as deputy governor, generated unease on the market and discouraged banks from lending long. The report cited the "off-again, onagain" availability of central bank credit to commercial banks, its failure to use the existing rediscount window as stabilising influence, and its constant aales of its own securities during periods of high and

Mr Roxas may ba too basty in passing judgment on the new system. In an extent, the preferential access to the

low liquidity.

BANKERS IN Manila talk about the institutions set up to mated in 1979 that at least 50 policy) will not produce the and may inhibit the banks, either).

1981 in much the same tone as specialise in long-term credit, per cent of bank loans booked results that are expected of the "universal," or otherwise, which interest might want to use it.

Further attempts to lure banks away from the short-term market may also be frustrated by general uncertainty about precisely what the new regulations and controls are. Policy is being thought out on the run, mulled in public, and re-formulated in view of the public reaction. This could go on beyond March next year when the new money market and banking rules come into

(currently 20 per cent) are falling, perhaps to 16 per cent, nn an apparently arbitrary timetable. Under commercial bank pressure the central bank may seek legislation to central bank appears to bave allow banks in use their taken the World Bank's agricultural credit reserves criticisms on board. Sales of for bousing, reserve differen-Central bank certificates are tials may be introduced to being phased out in favour of match deposit maturities—a Treasury instruments. But standby facility whereby cor"priority" industries still bave porate paper issues will have to get bank backing was expected last August to be 35

While rates have been cautiously floated, short-term rates may now have to be boosted to accommodate a system which will peg interest

rates to maturities.
While the commercial banks interested in expanding may come to view the investment houses as attractive partners for their expertise and capital, finance company executives are increasingly concerned that they force regulations designed to squeeze them out of the money market (where they accounted for nearly 5 per cent For example, commercial cank reserve requirements of volume by last June) or even out of business. "Dewey Dee wasn't even our fault," complains one, noting that the missing industrialist (who is thought to have fled to Haiti) was exposed chiefly to the investment honses.

The finance companies are kicking hard at proposed regu-latinns that would force them, by March next year, to limit debt-equity ratios to 3:1 compared with current ranges of up to 10:1 among the bigger companies—to comply with the central bank's rediscount expected last August to be 35 companies—to comply with twindow, a preference which per cent, and now stands at 20 per cent credit standby facimay contradict the window's 20 per cent (the banks say lity—and to prove they had, role as a stabilising mechanism they can't meet that yet for the past three years, held

cover (in pre-tax profits) before authorities, rather than the issuing their own commercial paper. In addition, the finance malpractices uncovered in the companies are fimited to borrowing from no more than 19 lenders.

One way out of the regulatory web for the finance companies would be to apply successfully for a quasi banking licence (all the investment houses are "quasi banks") which would free them from borrowing restrictions. But the licences are issued by the central bank and while Governor Laya appears to have found a use for the quasi banks—they will-probably be licensed as money market agents, who, under the new regulations, will mediate in all money market transactions —he is not likely to be liberal about allocating such licences.

"Everybody is still convinced that Laya wants to do away with finance companies," one exacutive said. It seemed logical, be said, that the central bank governor would want to transfer, by default the profit-able, though costly, leasing may have to wait some time for market to the unibanks as an the floodwaters to drain away. added attraction.

Like Mr Roxas, the finance

long-term at least 150 per cent interest company executives believe the industry, are to blame for the wake of the Dewey Dee crisis With more than 300 money market abuses last year, they may have a point. The SEC is now under new management and the finance companies are booing that the 15-month breathing space they have been given may prove sufficient for both sides to prove the old regulations satisfactory.

So far, Governor Jaime Lays remains one of the few men apparently sanguine about the future. As governor, he has yet to put a foot badly wrong and emerged from 1981 with one of the best official reputations in the Philippines. Looking back nn his first few months in office last year, he noted that "the crisis was like a flash flood, originating in rainfall over a large waterstied, accumulating in 100 little streams, gathering momentum and finally exploi ing in a burst luundating the lowlands. To extend, if pos-sible, the metaphor Mr Laya

Peter Bruce

Lively inflow of foreign investment

American tyre manufacturers equity investments in the in its Philippine unit to a newly formed subsidiary of Sime Darby of Malaysia. Then last month Firestone gave up its majority position in Firestone Philippines to retain only 25 per cent of

company. **Fortunately** Philippines no cries of "poor investment climate" were beard from the American firms. They were merely in step with their parent companies' moves towards retrenchment.

Reports of investment pull-

THE past seven outs can be sbattering for a nucopia of measures and in-twn of the three government needing a large centives bave been laid out by months, two of the three government needing a large American tyre manufacturers infusion of foreign capital for operating in the Philippines its ambitious energy develop-have withdrawn some of their ment and industrialisation programmes. Such reports are noted by international risk country. Last year, Goodrich noted by international risk sold all its 54 per cent bolding assessors and can push the country further up the list of high-risk investment areas. The country's five-y

The country's five-year energy programme (1981-86) requires a total investment of U.S. \$5.4bn while its 11 major industrial projects will need another \$4bn for a combined annual investment of almost With domestic savings averaging only 27 per cent of gross national product, domesti-cally available funding is hardly adequate to meet ordinary capital needs. These special projects must attract additional foreign investment to make up for the

The Philippines is aiming at greater foreign equity rather than direct loans or credit because the country's debt burden is already high and imposed by the International Mooetary Fund (IMF). The country is drawing on a \$533m standby credit from the IMF's supplementary financing supplementary financing facility, the Fund's concessional window for members with cbronic payment deficits.

Ceiling

The facility imposes certain Diesel engine plants: Isuzu eonditions including a ceiling of Japan fully own the country's first \$21m engine plant to 1 to 12 years. The limit was set at \$1.4bn last year and \$1.2bn in 1980. This limited amount is distributed among private commercial projects and the government's numerous development programmes. An alternative source for the energy and industrial projects is multilateral funding but this type of financing gives priority to agriculture and rural infrastructure projects.

the Government to attract investors-including unlimited ownership of "pioneering" projects, repatriation of a substantial proportion of profits, tax exemptions and tax holidays.

For the 11 majnr industrial projects, partnership with the National Development Corporation (NDC), the Ministry of Industry's investment arm, is considered a plum incentive. Since the Industry Ministry itself packaged the projects, there is an implicit assurance that it will vigorously work for the success of the partnership.
Of the 11 projects, five have firmed-up joint ventures with

foreign investors: • Copper smelter: 32 per cent equity of the \$350m plant belongs to a consortium led by Marubeni, Sumitomo and Citoh, while 5 per cent is beld by International Finance Corp, the World Bank affiliate. NDC and other local mining firms own the majority.

 Phosphatic fertiliser plant: 40 per cent of the \$400m plant was taken by the Government of Nauru Republic, 60 per cent by

Cement industry expansion:

several cement plants will be rehabilitated and expanded into 1m-ton capacity and in the first plant to expand, Philipp Brothers of the U.S. pnt in 30 per cent of the project equity. produce low-range engines of 50-150 bp. MAN of West Germany was to own fully a \$72m plant for 90-320-bp engines but the company bas signified that it is re-thinking the project due to financial constraints. The Industry Ministry is considering other proponents, including Perkins of the UK, and Cummins of the U.S.

prop these projects up. A cor- is contributing 30 per cent of case in point. Mr. Ongpin pre-

the \$126m plant. Capital for these projects was committed during the last two

years, resulting in a lively inflow of foreign investments. The Board of Investments (BOI) estimates that at least L9bn pesos (\$238m) in new foreign investments were committed last year, up 7 per centfrom 1980.

The United States remained at the top slot, putting in \$64.5m, or 27 per cept, of total foreign equity approved last year. The Japanese, who had always been a close second, slid to the fifth place, investing \$24.6m, or 10 per cent.

Remarkably, equity investment from countries which had virtually no interest in the Philippines during the 1970s, grew considerably. The Nauru Government's equity incusion of \$40m in the Philippine phosphatic fertiliser plant made ing foreign investor in the country.

Injection

The UK, which had put in an average of \$6m in 1970-75 contributed \$37m last year. The fourth largest investors were the Dutch whose investments reached \$31m mainly dne to additional capital injection made by Shell (Billiten).

Foreign investors are well advised to know that entry into the Philippines is not always easy. Mr Roberto Ongpin, the Industry Minister, has been keen to prevent multinationals. from throwing their weight about, careful to avoid ambiguities in partnership agreements and has aimed to ensure fureign and domestic partners share risks equally. The protracted negotiations with Reynolds International of the U.S., which had previously committed 50 per cent equity structure projects.

Coconut chemical processing in the country's \$40m alumin programmes.

Foreign equity must then plant: Lurgi of West Germany ium smelter plant, is a good

ferred to let the partnership collapse rather than accept the U.S. company's power pricing demands. The Ministry of Industry is now negotiating with other companies including Mitsubishi Light Metals of Japan.

Mr Ongpin also criticises foreign suppliers of plant and equipment. He claims that through vague contract terms foreigners have, on several occasions, provided ageing equipment which have parts that are not easily available or service

. The French have borne the brunt of this criticism. Spie Batignolles, Société D'Endes, Techniques d'Enterprise (SODETEC), and Klockner France were singled out as have ing contributed to some delarin important development pre jects because of delayed shipments of contracted equipment that country the second rank or because of inefficient plants.

As a result, the Government bas introduced standard contract provisions to govern all deals worth over \$5m. Under past arrangements, local firms and foreign suppliers drew up the contract themselves.

Since Government-imposed-standard contracts were standard contracts were generally viewed as restrictive, the authorities have been quick to follow these up with other incentives. In this case, the Board of Investments has indicated that it can allow some flexibility and special pro-visions may be added to standard contracts whenever needed.

. The Government is compelled to maintain a delicate balance between carrot, and stick to keep foreign supplies and investors reasonably happy, particularly at a time when there exists a yawning gap between available domestic financing and vital investment

Emilia Tagaza

International loan a big coup

syndications market, was that of scepticism. Many bankers said that the Philippines' frail economy did not warrant such favourable terms as Central Bank Governor Jaime Laya was negotiating-maturity of ten years and interest rate of ∮ per cent above the London inter-bank borrowing rate (Libor) 10 } per cent thereafter.

Twn weeks later, however 15 lead managers committed themselves to raise more than the bank originally called for and at the terms demanded by Mr

There is also great appresent of the country. Mr Laya said: "The eagerness of foreign banks to lend more than we want reflects the country's high credit-worthiness among the foreign financial community."

Indeed at first glance the latest facility seems to cap a trend of improving terms on Philippine borrowings. The market Last year big great extent, to the high latest facility arranged by Bankers Trust of New York and Chartered Bank in the middle

There is also great appresent appresents to reduce of the country's well-defined and strictly enforced policies to But visit growth in the priormance of the country's which until 1980 kept the economy bounged up, and over the continued rapid growth of imports.

There is also great appresents of the performance of the country's which until 1980 kept the economy bounged up, and over the continued rapid growth of imports.

There is also great appresents of the performance of the country's which until 1980 kept the economy bounged up, and over the continued rapid growth of imports.

There is also great appresents in 1980 kept the economy beautiful 1980 kept the economy bounged up, and over the continued and over the continued rapid growth of imports.

There is also great appresents to reduce deficits—which include programmes to reduce on imported oil and to promote manufactured resolutions. The importance of the country's might be promoted the programmes to reduce on include programmes to reduce on include

not convincingly confidence in its economic performance. Many of the participants in the latest syndica-tion admit that they are con-siderably concerned about the declining rate of real growth. The official figure for GDP growth in 1981 is 5 per cent but a report from Chemical for the first three years, rising Bank, one of the participants, said that the economy grew by only 45 per cent. Growth in 1980 was registered at 4.7 per

ever, do the number of its depositories imply from more than 200 foreign banks to just over 100, this year will be maintained at persuaded some of the banks 1981's level of \$1.25m. Government that participation in the ment institutions and communities. syndication may give them a may take up the bulk of the better chance of being main amount the national power tained as depositories (or corporation for its increar plant becoming one if they do not as project and various government yet serve as depositories).

But there is no doubt that apart from the Asian market's liquidity and the business prospects from the central bank There is also great apprebension over the performance of the country's exports, which until 1980 kept the economy buoyed up, and over the continued rapid growth of image and country's to the continued rapid growth of image and country's to the continued rapid growth of image and country's to the continued rapid growth of image and country's to the continued rapid growth of image and country's to the continued rapid growth of image and country's to the continued rapid growth of image and country's to the continued rapid growth of image and country's to the continued rapid growth of image and country's to the continued rapid growth of image and country's to the continued rapid growth of image and country's to the continued rapid growth of image and country's well-defined and reach \$1.50 to the c

IN WHAT is now considered a financial coup tha Philippine central bank in December managed to lice up 15 intermational banks for a \$325m loan on terms that were previously thought to be unobtainable.

When the central bank first broached the idea of the jumbo loan (originally \$300m) late last year, the initial reaction, especially in the Hong Kong to the intermediate of the intermediate in the market this year. At that time it carried the must favourable terms for the bank's consultational banks for a \$325m and for the country itself—a bank as the only Philippine bank with substantial surplus cut to keep the reparament funds, could therefore not deep at a manageate level, the return in the market this year. This probably leaves the central bank as the only Philippine bank as the only Philippine bank as the only Philippine banks with substantial surplus cut to keep the reparament funds, could therefore not deep at a manageate level. The increasingly favourable terms of the Philippines last the increasingly favourable terms of the Philippines last the must favourable to an eight-year managed to tion up to the country itself—a bank as the only Philippine bank as of foreign currency burrowers. New commercial berrowing mentation of the 11 major in dustrial projects which were packaged to shift the country's industrial structure from important substitution to besic large scale industries.

المكنامن المعمل

Industry to be shorn of its protectionist mantle

INDUSTRY, PARTICULARLY for additional, or more efficient, the manufacturing sector, will machinery. be shaken to its very foundation during this decade through what the government calls a struc-tural adjustment programme. New policies and strategies are designed to effect a shift from an industrial structure that is entially : import-substituting to one composed of domestically efficient, export competitive in-dustries. The shift is hoped to invigorata industry which advanced at a snall's pace in tha

u laying th

lent

A crawling manufecturing sector is the outcome of a pro-tective system which strongly favoured the domestic produc-tion of light consumer goods. Protective policies shielded existing industries from both foreign and local competition resulting in quick profits. But companies were generally uninprested in re-investing profits

When a World Bank mission in 1980 looked into the Philippines' manufacturing facilities, they were appalled at the rundown condition of plant equipment, especially in textile and cement plants. The bank recommended, and is now funding, the rehabilitation of dilapidated plants in selected dated plants in selected industries as a measure to increase the manufacturing

sector's cost-efficiency.

During the 1978-80 period, the industrial sector registered an average annual growth of 5.9 per cent, with the manufacturing sector growing at about the same rate. Considering that manufacturing, with more than 25 per cent, is the single largest contributor to the Philippines' gross domestic product, such a growth rate is product, such a growth rate is disheartening.

Last year manufacturing perfurmed even less well, with growth at about 5.7 per cent. Domestic and export markots contracted because of recestion costs were inflated partly because of high interest rates, costlier raw materials and fuel, and higher labour cost. The Philippines' industrial

restructuring involves the dis-mantling of protective barriers. Domestic manufacturing com-panies have enjoyed an artificial market advantage because of stiff import tariffs. Until 1980, nominal teriff rates ranged from 50 to 70 per cent, but a tariff reduction scheme introduced last year will gradually scale this down to 10 to 50 per cent by 1985. Liberalisation plans will cover languist tion plans will cover imporis of both non-essectial and regulated commodities. Not only were industries

insulated from import competition, must of them were also free from healthy rivalry from local companies. The Ministry of Industry has e list of "overcrowded" industries which block new investments where markets have elready reached maximum cepacities aximum cepacities. trial development. Production Government thinking was for export—both by basic,

are unnecessarily swamped by investors who eventually find found that many companies belonging to the overcrowded indostries have been short-changing the market in terms of price and quality of goods. Last year, the Industry Minis-try snipped the list from almost 50 to only four, unleashing tight competition among local

Replaced

Industrial spoon-feeding is now being replaced by liberal policies that herald en indus-trial development determined by free market forces. The tariff reduction scheme and tha serve as the jumping off points for the structural adjustment programme by means of which tha Government expects to push industry forward to a growth rate of 6.6 per cent this year. Through a combination of fiscal incentives and selective lending, the Government is to influence the direction of indus-

industries—are going to be the linch-pin of industrialisation efforts. Manufactured exports in fact, have been given full support in the last two years after the Govarnment realised that earnings for traditional com-modity exports are in long-term

A substantial portion of domestic and foreign credits will be made evailable to exportthe World Bank's first structural foan of \$300m obtained last year is being channelled to qualified export manufacturers. Meanwhite, domestic credit policy will be selective in favour of For cottage small- and medium-scala industries, the

government is trying to lure private financial institutions to establish "venture capital cor-porations" to provide equity

At the same time, the much-publicised 11 major industrial projects are expected to link with existing labour-intensive Roberto Ongpin, who packaged the 11 projects, said that heavy to the small-scale industries will provide a halance to small-scale industries for themselves but will also earn whose activities rely on imports once in operation. He estimates

said that if the Philippines dis-regards the development of heavy industries, it "would be merely a country of labour sweat shops processing through its cheap labour the produce of industrialised countries around

By all measures, the 11 projects have high price tags and will depend greatly on foreign equity or loans. The original aggregate cost of the projects was \$6bn, but since some of the projects have been modified to use less expensive technologies, total cost now stands at \$4bn. Government technocrats still disagree over the value of the 11 major projects. When they were first packaged two years ago, Mr Virata was anxious in case the massive foreign capital requirements would exacerbate the country's balance of pay-

Unchanged But Mr Ongpin claims 75 per cent of financing will come from

foreign exchange savings of up to \$8bn over the coming decade. moving forward unchanged. These are the copper smalter, phosphatic fertiliser plant heavy engineering industry, diesel engine manufacturing, cemant industry expansion, coconut. industry rationalisation and en integrated pulp and paper mill.

Two of the projects have seen major changes — the integrated steel mill project and the Alcogas programme. The steel plant was originally planned by Mr Ongpin as a blast furnace which would have cost about \$2bn at current prices. But costly imported raw materials have made a hlast furnace uneconomic. The Government has shifted to the solid reduction process which will use locally-produced coal and iron ore.

The programme for Alcogas, a mixture of 15 per cent alcohol and 85 per cent gasoline, designed to displace some of the country's gasoline consumption, has slowed down a great deal because of the current gasoline surplus in the country. The two final projects, the aluminum smelter and the petrochemical complex are sailing through rough waters although

prospective foreign partners and suppliers. Discussions with Reynolds International of tha U.S. on the aluminium smelter ment over power pricing.

For the petrochemical com plex, Mr Ongpin is negotiating with prospective suppliers of feedstocks. The current global glut in petrochemicals make it vital for the Philippines to obtain a cheap and constant supply of feedstocks in order to be world competitive.

After two years of dehate on whether or not to pursue all the 11 projects, President Ferdinand Marcos last month put his foot down saying that all the projects will be implemented. He said that they were "critical to the overall develop-ment strategy, fur with them we shall build the foundation and infrastructure for a balanced industrial growth.

Our development strategy is tilted to the sida of agricul-ture and to the small—and later we must face up to the challenge of industrialisation or forever remain et the peripheries of growth and modernisation."

Emilia Tagaza



The CDCP copper mining complex on the island

Mining leaders pessimistic

of the Philippines Chamber of Mines and head of the country's most consistently profitable copper mining corporation, pre-fers not to read newspaper reports about the "disastrous" year the mining industry had in year the mining industry had in 1981. He already knows it, and life the vanguard of pessimists sign the industry's future.

While the Philippines minerals origin is small by some world, standards, the mining industry. Bed by copper, has traditionally been the country seed of the countr earner a position sometimes challenged by sugar. Last year, however, copper export earn-ings support to fifth, with the value of concentrates slipping.
21.9 per cent from 1980 sales
worth \$545m and gold exports
usually about fifth in the
rankings, fell by 5.6 per cent.
The Philippines produce

about 7 per cent of the world's copper and while resources are hinted, mixing is relatively competitive. More than half the mining houses appear to have been enticed into the industry by the copper hoom of the sixties. These companies, mostly highly geated, are dangerously vulnerable now to high interest rates and poor markets. In all, last year, the value of

Philippine mineral production fell 12.77 per cent. Three mines closed to try and stave off further losses and others had begun to chip away at production targets.

"We would be in one hell of a mess if interest rates go up." Mr Brimo said after a New Year warning from Mr Henry Kauf-Salomon ist. "I don't think this industry is going to get out of the doldrums for another year

Jeopardy

His immediate pessimism, although not as forcefully expressed, is shared by most of the industry. Mr Jaime Ongpin, head of Benguet Corporation, the country's foremost primary gold producer, said that of the 17 mining projects begun in the past 12 years, only three hava been profitable. Three are still not in production and the rest have been disasters. He esti-mated in December that some \$2.2bn, close to 80 per cent of total investment in the industry by 1980, was in jeopardy if threatened companies collapsed. Mr Ongpin expects only three mining houses to show profits this year (there are some 30 on the Chamber of Mines lists). Two, Philex and Lepanto, copper producers whose gold by-product will probably keep their heads above water. The third, Benguet itself, is likewise related as likewise relying on secondary gold at its new Dizon copper project, about 180 km north of

Mining bosses face these diffi-culties with a mixture of anger and resignation. As marginal producers in global terms, they know they have little weight to throw around the market, but it clearly irks a number of them that one major and locally controllable cost element — taxation — has been allowed to rise. The Government has been accused by leaders in the industry of market peaks and of displaying

difficulties. .

believe that may now he changing but last year the Government, prohably impressed by the price of gold in 1980, effectively doubled royalty payments on output to five per cent and then only after being talked out of a rise to 10 per cent. Mr Brimo wants the industry to be treated as a special case. "Why drive us to hankruptcy by treating us like any other industry?"

He is not likely to get his way, but the Government has established copper stabilisation fund help distressed producers. In addition, a number of new mines are still taking advantage of tax concessions granted them for the first five years of production. The government is also understood to be consider ing raising the rediscount limit on projected copper exports from 80 per cent to 100 per

businessmen are sceptical, how-ever, about the government's insistence that the fund will not be used to rescue lost causes and will concentrate only on companies judged to he in-herently sound and in only temporary difficulty. The sceptics point out that most of the projects begun in the last decade were given the go-

shead by President Ferdinand Marcos himself. A number of industry leaders, including Mr Brimo, Mr Ongpin and Mr Virgilio Jordana, who heads the mining erm of the troubled giant Construction and Development Corporation of the Philippines (CDCP), advise losing marginal mines to close and ride out the recession. Mr Ongpin expects about six closures this year but other mining executives point out that some of the highly geared projects are caught between mounting losses if they stay open and near impossible debt servicing problems if they close. Those companies who helieve that they have the strength to

see the recession through have gona on the offensive, boosting production and mill capacity and cutting costs whenevar possible. Mr Brimo's Philex Corporation last August raised authorised capital from 300m pesos to 550m pesos and last month hought a controlling share in the local Firestone company for 80m pesos. Marinduque, the country's Marinduque, the country's fourth biggest copper producer, managed to secure \$30m overseas (guaranteed by one of the state banks) after reporting record losses in 1980. CDCP recently raised \$6.5m from Marubeni of Japan.

Meanwhile, the industry has

Meanwhile, tha industry has watched the sharp decline in the price of gold with something close to disbelief. Early in January one mining house chief earmarked \$450 an ounce as en average "break even" point for both primary and sacondary producers. Any lower he said, and not even gold was going to keep sections of the industry buoyant this year. Only e few days later gold fell below \$390, and while the price has rallied since, the "break-even" dauntingly point is still

Peter Bruce

Here are the lands of opportunity

PHILIPPINES

Business confidence is rising in response to the government's program. Several major companies are investing in electronics processing and minerals smelting. Many more firms will find new investment opportunities as the government opens a broad range of manufacturing activities to foreign

As a community the five ASEAN nations (Singapore, Malaysia, Thailand, the Philippines and Indonesia) are averaging an annual real growth rate of almost 8 per cent. Total US exports to the area in 1980 were valued at approximately \$8 billion, an average of 26 per cent over 1979. Market opportunities for American suppliers will continue to expand.

Quotes from Business America magazine (July 1981) published by the U.S. Department of Commerce.

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Slow progress in cutting oil bill

AFTER A SERIES of disappointing results from some of the country's energy development projects, planners con-cerned with Philippine energy realised that replacing costly imported oil with indigenous power sources could not be done as easily and quickly as they originally helieved.

During the past three years their major strategy to reduce imports was to accelerate the exploration and production of non-oil energy sources, notably geothermal and hydroelectric energy, coal and non-conventional energy forms. But there have been some frustrating problems in development activities, retarding the take-off of many power projects that should have displaced the use of imported oil.

Because of these postpone-ments, the Ministry of Energy has again revised the national energy programme to account for the fact that imported oil will still contribute the largest share in the mix of the coun-

try's power grid even after 1985. The old programme projected that by 1985, domestic oil. coal. bydroelectric and geothermal energy would have reduced imported oil's share in the energy mix to 41 per cent. But the revised programme indicates that imported crude would still supply the biggest portion. Of the national energy source mix of 117m harrels-of-oil-equivalent in 1985, the revised programme projects that 51 per cent would come from imported oil. Hydro-electric and geothermal energy are expected to contribote 13 per cent and 12 per cent respectively. Coal is hoped to supply 17.6 per cent of the mix. Nevertheless, the overriding

concern of old and new energy programmes is the reduction of the oil bill through greater use of non-oil energy sources. Until 1973, oil had never accounted for more than 13 per cent of the total import bill. But last year, the Government paid US\$2.6hm for 76m harrels of imported crude, accounting for almost 26 per cent of the total import bill.

As early as 1979, there were signs that imported oil displacement would not be as rapid for almost 85 per cent of energy as planned. Hopes on domestic oil production were dashed by pared with the Ministry of the drastic decline in output of Energy's target of only 77 per the Nido oilfield, the country's cent. What happened was that first commercial complex. So total oil consumption itself far, discoveries in the Philip-dropped last year to 73m barrels pines are considered small; from 1980's 78m barrels, but reservoirs with an average of even here, the decline is oil 10m barrels each, indicating usage was due as much to the

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Targets for 1985 Old Per cent 5-yr. plan 5-yr. plan consumption Imported oil 76.8 55.2 1.3 1.5 Domestic oil 18.3 1.7 1.0 1.1 17.9 14.0 12.2 12.0 5.2 16.3 Geothermal 12.8 15.3 13.1 6.5 7.2 17.1 Hydro-electric 2.7 2.3 4.5 Non-conventional 0.4 0.4 6.1 2.8 2.4 2.8 Nuclear Total

NATIONAL ENERGY USE

(m harrels oil equivalent)

that reefal structures bost oil slowdown in the activities of in scattered instead of concen-

Source: Ministry of Energy.

ment for oil-based electricity. bas also contributed its own share of the headache. The higger steamfields have been found in the Visayas region in central Philippines where ateam availability is far in excass of the demand. The energy ministry and the energy miniatry and the state-owned National Power Cor-poration (NPC) have planned to transmit this excess geothermal power to the northern region of Luzon, the country's load centre. The scheme was to use submarine cables but this has proved to be expensive and economically unviable.

Expectations

There were also lofty expectations on non-convertional energy: hiogas, dendrothermal energy and alcogas (a mixture of 15 per cent alcohol and 85 per cent gasoline intended to displace 15 per cent of the country's gasoline consumption). But since many vehicle owners have converted their engines to diesel, there is now

an oversupply of gasoline.

Efforts to develop local
energy sources have not been
handsomely rewarded. Indigenous energy, including domestic oil, made little dent in the share of imported oil in the country's total energy consumption. Imported oil accounted consumption last year, com-pared with the Ministry of

energy intensive industries as to oil displacement through

Geothermal energy, which conservation efforts. promises to be a major replace. While many oil d While many oil displacement projects wait to be put in place, the Government's strategy now is to scale down energy con-sumption to bring about a con-

Philippines.
Under the revised programme, energy consumption in 1985 will be kept at 117m harrels-of-oil-equivalent a year compared with the old pro-gramme's target of 134m boe. The new approach concentrates on influencing consumption and increasing efficiencies in varioua energy-using sectors.

The main targets are the transport and industrial sectors which jointly eat np 75 per cent of total commercial energy. Energy wastage in the land transport aector stems from traffic jama in crowded cities, old vehicles in use, and the lack of an efficient urban mass-transit system. Meanwhile, the indus-

trial sector is saddled with old and inefficient machinery. The Energy Ministry esti-mates that by 1985, 48 per cent of total energy requirements will be absorbed by the indus-trial sector in view of the

Government'a drive toward industrial expansion. The transport sector will have a lower share of 27 per cent aa more efficient mass-transit systems are

put into service. Having postponed many of the oil-displacement projects, the readjusted programme requires less investment — about \$5.4hn compared with past programmes' expenditure estimates of \$9hm-\$13bn.

Although the short-term atrategy for oil import reduction has ahifted emphasis to controlled consumption, the medium-

led consumption, the mediumand long-term policies continue to give urgency on the develop-ment of non-oil resources.

Hydroelectric

Next to oil, hydroelectric and geothermal energy would take up the bulk of the energy plan's projected expenditures. Hydroelectric plants will generate 2,256 MW of power by 1985 from the current capacity of only 943 MW.

The Philippines, lying along the volcanic helt encircling the Pacific has a large geothermal potential, estimated to he np to 3hn barrels of oil equivalent a year. Power output from geothermal plants stands at 446 MW, placing the Philippines second only to the U.S. in geothermal energy production. So far, geothermal exploration

in the country is largely in the bands of the State-owned Philippine National Oil Co. (PNOC). pine National Oil Co. (PNOC).
Only one private company,
Philippine Geothermal, a subsidiary of Union Oil of California, is involved in geothermal
exploration. Total of France
and Caltex have shown interest
in participating in exploration
activities but they bave not
agreed with the Government'a
buying price for steam.

buying price for steam.

Meanwhile, coal will be used primarily as an industrial fuel. The biggest customer will be the cement industry, which has been required to convert plants to coal-use. The Government is spending almost lim. pesos (\$135m) for a locivity system. (\$125m) for a logistics system which it says will rationalise coal demand, supply and

diatribution.

Part of this logistics system involves hierding facilities which are a necessity because Philippine coal had lower beat-generating capacity, with an averaga of 8,000 BTU to 10,000 BTU. It has to be hlended with higher-grade imported coal to suit the cement plants' heating

For 1982, about 3.7m tonnes of coal will he imported mainly from Australia, U.S., Canada and China.

The Philippines' first \$1.7bn nuclear reactor, heing built hy Westinghouse, ia to come on-stream in 1985 and will put up 620 MW of the total power generation capacity of 7,078 MW

sources being tapped are coco-dlesel, a hlend of 90 per cent dlesel and 10 per cent coconut oil—dendrothermal energy from quick-growing tree varietiesand "petroleum trees" whose fruits are found to contain reasonable amounts of pet-

Domestic oil, which two years ago was expected to play a great part in reducing imports, has heen downgraded. The revised plan puts domestic oil's share in the energy mix in 1985 at a

Foreign Surveys in the FT

The following foreign surveys are planned for later this month:

Oatar

Oil revenues provide a firm economic base and industrialisation is proceeding. There is declared support for closer regional links.

Colombia

Major developments are taking place in industry and natural resources. Tourism is another area with great potential.

Canada

Tha country has bad to cope with considerable political and economic stress and will need all its proven resillence to cope with the task of reviving a flagging growth performance.

Kuwait

An affinent city state in the forefront of the Arah world. Disposal of its oil wealth is central to national policy.

previous plan's target of 14 per

The key words to the Philippines past and present programmes have always been "alternative" and "indigenous" sources of energy. Targets may have been too optimistic in the past but even the Asian Development Bank (ADB), which funds many of the energy projects and which had said that previons plans have been unrealistic now says that the new programme bas achievable tar-

Emilia Tagaza

Electricity from 'miracle tree'

cheap, wood-fired electricity bave generated a big inter-national race, Balfour Beatty, the UK engineering and construction group, has already begun work on a first order for six 3.1 MW woodburning power stations on Luzon, the most populous island in the archipeligo, under a \$17m contract

plan to evaluate the performance of the British and French plants once they come on the NEA, however, lies in the atream, intend building 72 delay between the installation woodburning power stations by of the first power units and the

power to describe the power generated in woodhurning plants. Their plana involve siting small power stations close to new plantations of the "miracle tree" —fast growing, self-fertilising ipll ipil treea which the programme's backers helieve will provide the 6.9 tonnes of timber per hour the power plants need to produce

The National Electrification Administration, wihch is leading the scheme, is concentrating its initial efforts on deforested

tions, run by local farmers, who bave been encouraged to form co-operatives to sell the timber to the power plant. The plants, in turn, may be turned over to

operatives and the new rural established so far.

woodburning power stations by 1987. U.S., Japanese and Swedish companies are also trying to sell appropriate technology to Manila.

The Philippine authorities use the term "dendrothermal" power to describe the power are being sited close to existing forest which, it is calculated, will sustain them until the ipil-

mountain areas throughout the log form while the French wood four engineers in Manila say country except on the major fuel (like most of the other their log-burning boilers would southern island of Mindanao potential competitors) will have not operate efficiently at that

the same co-ops.

Most of the electricity generated in the Philippines is already in the hands of co-The company faces competition, however, from Alsthom Atlantique, a French manning of the new rural scheme provides for the small plants to plug into the national grid and sell off excess consists. awarded in 1980.

The company faces competition, however, from Alsthom Atlantique, a French manufacturer, which had won initial orders for seven similar units.

operatives and the new rural scheme provides for the small plants to plug into the national successful, will he the most exciting." he said. "It's so simple." Nevertheless, the NEA administrator, said local farmore studying an immediate most had taken authorization." orders for seven similar units. mers had taken enthusiastically U.S. offer of three 5MW wood-The Philippine authorities who to the 27 plantation projects burning units, and a possible

ipil trees mature.

The British and French plant designs differ considerably, and while the technology heing employed is not new, the Philip-pines scheme is. Balfour Beatty and Alsthom Atlantique are in open competition for a slice, at least, of the other 59 planned

Essentially, the British woodhurning process involves feed-ing the treea to the boiler in

could drain as much as 10 per different boiler altogether. Balcent of the unit's power. Gen Dimol has quite deliberately set the two processes and using a different boiler altogether. Balcour has not yet decided which, way to move. set the two processes against each other and plans to sit back and wait for results.

Studying

An immediate problem for are apparently offering eight he NEA, bowever, lies in the 3MW units and the Japanese 11 3MW plants. Gen Dumol is, to put it mildly enthusiastic about the scheme's prospects. At an installation and first planting cost of £1,750 per kilowatt, harnessing the ipil ipil tree (hrought to the Philip-pines by the Spanish from South America three centuries

ago) would open an "astro-nomical" market. 'If this succeeds," he said, "we will revolutionise the Third World." Some agencles helieve, however, that the NEA may be underestimatrearing, felling and transporting the trees. The General's enthusiasm may

NEA is considering using some She is one of the of the Ipil ipil sites to feed ardent supporte plants of up to 15MW and Balfour engineers in Manila say Philippines.

PLANS BY the Philippine (here, the NEA says, power is to be chipped before burning. level. One (expensive) alterna-Government to spend 2.8bn already sufficiently cheap). The Both the NEA and Balfour contive would be 10 use the 3MW power stations are being sited cede that the woodchips will boiler in series. The other world involve reverting to the

According to Gen Dumol, the field will not remain open to foreign competitors for ever. The Government wants to generate local manufacture of the equipment and is encourag- . ing foreign suppliers to seek out local partners. Towler and Son, the Clacton-based manufac-turers of the 3MW boilers heing used in the current Balfour Beatty design, is reportedly close to linking up with a Philippine group.

further 10. Swedish companies The probability that the NEA will opt for bigger plants is strengthened by its projected share of national capacity by 1987. Overall government energy plans envisage an increase in electrical output from 4,380 MW last year to more than 7,000 MW by the end of 1986. For the General to reach his target of 10 per cent of total output by 1987, average dendrothermal station output will need to rise from the present 3.1 MW to about 10 MW.

It seems likely that the NEA the NEA may be underestimating operational costs, including will, indeed, have its 72 plants rearing, felling and transportes established by 1987. The administration falls under the control of the powerful Minis-try of Human Settlements, which is beaded by Imelda soon throw up new problems which is beaded by interest for the British technology. The Marcos, the country's first lady. She is one of the project's most is some of the project's most in the project in the project is and that ardent supporters, and that counts for a lot in the

Peter Bruce

Marcos turns his mind to a successor

CONTINUED FROM PAGE 1

excellence." The President has the country's agricultural base always been much too sensitive and to establish agricultural to foreign criticism—particu-larly from the U.S.—to head government.

Marcos has concluded that poverty and inequality are the root causes of discontent in his resolve this discontent. He political loyalty. recently admitted: "Security problems are not too complicated any more. Anybody can handle them. It's the economic problem that's difficult and bas to be bandled properly." be bandled properly."

This explains the recent pro-motion of Sr Cesar Virata, the country's Finance Minister and leading technocrat, to become rime Minister. It also explains why economic reforms are being rushed through at the same bectic pace as political

While progress in reorganising the critically important should be confident that the coconut industry bas been hindered by the powerful vested interests that currently control aluminium smelter and a petrothe industry, efforts to broaden chemical plant.

or foreign criticism—particut processing industries seem arly from the U.S.—to head likely to show more fruit. The consistently authoritarian newly created Plbn (£66m) overnment.

There is also evidence that gramme intended to encourage private enterprise at the village poverty and inequality are the level. could be an important root causes of discontent in his means of alleviating rural country, and that military poverty if it is not used as a purges can suppress but never "slush fund" for rewarding

the eleven major industrial pro-

jects, which bave generated a stormy controversy in the Philippines, may do some good in broadening the country'a industrial base — so long as the Government resists the tempta-tion to mount them for the sake of political dogma, and waits until it finds an arrangement which makes the projects independently viable. While seven of the projects are now agreed, with a further tree likely and the projects are now agreed. with a further two likely to go ahead in modified form, no-one

structive opposition, and warns his own KBL of the dangers of complacency, corruption and abuse of power, he is probably aware that the real threat to the past year fail to bear fruit—is the militant underground opposition and the exiled but still charismatic leader Benigno

Similarly, plans to establish Sr Aquino, who was released from prison by President Marcos just over a year ago so that be could have a heart bypass operation in the U.S., has hecoma a rallying point for Filipinos abroad and for critics of Marcos at home. But like other opposition leaders, he is maintaining a low profile at the moment, perhaps waiting for the dust to aetile after the President'a reforms, perhaps focusing on the day Marcos steps back from power — which most are convinced cannot be

Like the powerful Roman done, it would he rash to pre-catholic Church, which accepts a role of "critical collabora-

As Marcos barangues the tion" with the present regima parliamentary opposition for hnt frowns on direct involve-their failure to provide a con-ment with the powers that he for fear that alignment with any political group today will make it "the widow of the future," opposition leaders future," opposition leaders seem to be holding aloof, hid-ing their time. Mergers of opposition groups which have already begun, and will con-tinue over the months to come illustrate their concern to be vell placed when Marcos withdraws from power.

While Marcos claims be needs just one or two years more, he is under no pressure to make a decision about retirement until the next Presidential elections in 1987. Over the past 16 years he has

Over the past 16 years he has consistently managed to confound opponents and the reforms of the past year show he has lost none of his akill. They are intended to transform his reputation so that be will be remembered as one of the Phillpoines' great landers. Philippines' great leaders.
While much remains to be done, it would he rash to pre-

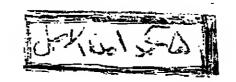
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Britain tries to clear the air

By Alain Cass, Asia Editor

LORD CARRINGTON, the Malaysian Prime Minister not Foreign Secretary, will today to have been educated in Britain take his first, hesitant step and his new style of leadership into the minefield of Britain's indicates a strong desire to relations with Malaysia.

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Emile le

His meeting with Dr Mahathir Mohamed Malaysia's mercurial Prime Minister, is the first high-level contact between Britain and its former colony since last October's sudden crisis when Dr Mahathir announced that all government trade and commercial transactions between the two countries would have to be referred to his office.

About £40m worth of contracts which British companies might have been expected to win are believed in Whitehall to have been vetoed by Dr Websthir's office, Other companies are still winning contracts, but the effect of Dr Mahathir's edict appears to be spreading through the ranks of Malaysia's traditionally pro-British civil to the alarm of

Lord Carrington's first attempt to defuse the crisis is being be tory and any early "break-through" is being discounted with good reason.

The Malaysian leader has accused successive British monwealth Conference was Governments of being arrogant and high-handed in their ireal ment of Malaysia. He listed a mumber of specific grievances.

These included the British and Accision to raise Government'a decision to raise the cost of education for foreign stodents in Britain, a demand, Hely to be rejected, for more been threatened in south the standing rights for Malaysia. Asia in less than a year.

Last summer's row ng treatment accorded to Malay Indonesia over textile quotas, in the pears by though quickly resolved, cost officials over the years by Their British counterparts. He British exporters perhaps as equal terms.

and his new style of leadership indicates a strong desire to break with past tradition. He once told a diplomat "We owe you nothing. You came here for your own reasons and left when it suited you."

Britain is anxious to clear the air as soon as possible for several reasons:

 Several bundred million pounds worth of contracts and existing investments totalling over £1.25bn hang in the balance while the row continues.

 As head of the Commonwealth Britain cannot remain indifferent to accusations of arrogance from an increasingly influential

 Malaysia is also a growing economic power. Since independence in 1957 it is now the world's biggest tin producer and supplies 40 per cent of the globe'a natural rubber. The discovery of oil and gas bas added to its economic strength.

The role that Malaysia is widely believed to have played in the recent moves on the London tin market to drive the price up is one exampla of Dr Mahathir's new approach. His refusal to attend the last Com-

Beyond these specific issues there is also growing concern that the use of trade as a weapon in one of the few high growth areas of the world may be spreading. This is the second time that British contracts have been threatened in south-east

Last summer's row with though quickly resolved, cost wants a "new relationship" on much as £100m. More recently the Philippines threatened to Dr Mahathir is the first use the trade weapon if out government and those compan-



Attempting to defuse the crisis: Lord Carrington (right) and Dr Mahathir Mohamed

But the dispute with Malaysia

not just about trade. It also goes beyond the grievances of student fees, landing rights and post-imperial arrogance to alter the racial balance. however deeply felt these may It springs from the sudden

intensification of Malaysia's slow-burning nationalist revolution, the attempt to engineer massive shift of wealth to the country's disadvantaged Malay majority from the Chinese minority and foreign shareholders. This is the overriding preoccupation which lies behind Dr Mahathir'a approach. For the racial issue remains

tics which Britain — Whitehall and the husiness community alike - bave to bandle with extreme discretion. Dr Mahathir's shock treatment of British exporters, the

the raw nerve of Malaysian poli-

standing issues with the Euro-pean Community are not aysia which bave failed to fall in lina with the New Ecocomic Policy - the centrepiece of attempts to achieve political stability — is his way of underlining the urgency of his moves

> The New Economic Policy (NEP) was introduced in the early seventies in the wake of the bloody race riots of 1969 when the frustration of the Malays collided violently with the country's affluent Chinese minority. The central aim of the NEP

> the transfer of 30 per cent of Malaysia's corporate wealth to the Malaya hy 1990—through share purchases— ia way behind schedule. When Dr Mahathir took office last year less than 12 per cent had been achieved. Trade will eventually settla down to a more even-tempered

> pattern even though British companies may have to work harder to get the contracts in

from other European and Japanese exporters.

But those companies with investments in Malaysia who have yet to transfer 30 per cent of their holdings to Malays and as is frequently forgotten a further 40 per cent to non-Malays are likely to find themselves in Mahathir's sights.

His priorities are the strategic sectors of the economy-oil, mining, land and banking. The first two are aiready effective Malay control. Banking is likely to be

tackled last of all because of its complexity and international links, leaving land and the big plantation groups as the prime target.

Apart from being a scarca

natural resource and crucial for economic development, land. much of which is government-owned, is the currency of political patronage in Malaysia. There is a growing feeling that leaving the plantation groups with 30 per cent of their original stake—as stipulated in the NER-may only be an interim measure on the road to full-blooded land nationalisation. "The Malays, rightly in my view," said one old Malaysia band, " want the minerals under the ground and the trees above It's a matter of national

There are now fewer than do this at one fell swoop and, ten big foreign owned mainly in any case, would not wish in Malaysia. Between them they control around 430,000 acres of prime plantation land.

three biggest ones are Britain's tinue to play a major role in the Harrisons and Crosfield with foreseeable future. about 200,000 acres, the Danish United Plantations group with about 35,000 acres and the sec- likely to dictate government retive Fraoco-Belgian family policy to a greater degree from

groups sold under varying degrees of pressure and at prices ranging well below their estimated market value, nearly 300,000 acres of plantations. Dunlop Holdings disposed of its remaining 51 per cent atake in its Malaysian plantations in

the autumn. The previous month, Permodalan Nasional, the government-owned investment company, seized control
of Britain's Guthrie Corporation after "a dawn raid" oo
tbe London Stock Exchange. A
fortnight later Pernas bought 40 per cent of Barlow estates.

The Guthrie takeover sent shock waves through the British plantation industry which now fears that others, notably Har-risons and Crossields may suffer the same fate if they do not fall

in line quickly.

Harrisons' Malaysian subsidiary—Harrisons' Malaysian
Estates (HME) bas been locked in tough negotiations with the Malaysian authorities for some time. There are signs that Dr Mahathir's government is beginning to lose patience.

A takeover of Harrisons' and Crossields would cost Malaysia well over the 2282m paid for the Guthrie Corporation. Buy-ing out all the foreign-owned plantations calculated at an average of M\$7,000 per acre would cost near enough £725m. Malaysia could not afford to

ten big foreign owned mainly in any case, would not wish European plant companies left to for fear of triggering a collapse in confidence. Neither does any of this argue that The foreign companies will not con-

What it does mean, however, is that Malay nationalism is concern Socfin which controls now on and that the present between 60,000 and 70,000 acres. row with Britain is the first Last year alone British warning shot.

> 200,000 acres valued at 1.2bn ringgit. Other hig British plantation groups include: the M.P.

> Evans family group with about 35,000 acres, Unipalmoil with 32,000 acres, Yule Catto with 15,000 acres, and the Commonwealth Develop-ment Corporation with 44,000

Lombard

Friedman and the U.S. Fed

By Samuel Brittan

of the six foot man who drowned trying to cross a river that averaged five feet in

Prof. Milton Friedman uses the story against the Fed in a Wall Street Journal article of February 1. His argument is that although average monetary growth in the past two years bas been "fairly good," short term variability bas been too

Most European supporters of monetary control, especially in the UK, would be delighted if their central banks could achieve the Fed'a track record, even for a year at a time. The growth rate of the Fed's chosen target variable M1B in the year up to the fourth quarter of 1981 was 5 per cent, just below the bottom of the Fed's target range. It compares with a 74 per cent average in the five years to 1980 and 7.3 per cent in 1980 itself. This seems pretty easonable progress towards the gradual reduction of monetary growth with which Friedman himself is so strongly associated. Friedman's complaint is that within a satisfactory overall performance there bave been

too many switch-back episodes of which the last couple of months have been an example. Earlier on, MIB grew at an annualised rate of 23.8 per cent in the 11 weeks to April 22, 1981, followed by a 10.6 per cent drop in the subsequent 10 weeks. Friedman connects these fluctuations with erratic own divisions and (b) to movements of interest rates and of the general economy.

There is no need to become involved in the argument about whether more stable monetary growth in the very short term will lead to more or less very sbort term interest rate volatility. The two main reforms advocated by the Friedmanites are a shift to contemporaneous reserve accounts by the banks and an official discount rate linked more closely to market rates. These changes may do some good and very little harm and should be made-if only to end this aspect of the debate. so that no one can say that monetary control failed because of deficiencies in the regulatory

HAVE YOU HEARD the story of the United States, the chapter of conclusions discusses the characteristics of different periods in terms of annual averages, Indeed the whole tenor of monetarist reasoning is that transitional changes have little impact provided that they are confidently expected to be reversed within a few weeks or months and there is confidence in a steady year-to-year reduction in monetary growth to non-inflationary rates.

Confidence that a steady non-

inflationary path will be followed may well be lacking. The yield of nearly 14.6 per cent on a new Treasury 30 year bond suggests this. But doubts raised by temporary variability in monetary growth are surely a minor factor compared with, for instance, the fear that political pressure will be paled on the Fed to reduce interest rates, especially, in election years. Many of the so-called 'supplysiders" in the Administration are not prepared to face the transitional cost in reces and slower growth involved in reducing inflation, particularly in a Congressional election year. They want to put their foot down on the monetary as well as the fiscal accelerator far more extravagantly than the Keynesians whom Fried-man believes to inhabit the

Second order criticisms of the Fed of the Friedman type are being used by the Reagan Administration (a) to cover its insinuate that the money supply could be controlled by some painless means which would guarantee low interest rates as well, if only the Fed would pull up its socks.

If the present U.S. attempt to control inflation by monetary means fails it will not be due to lagged reserve accounting (any more than such a failure in the UK would be due to not adopting monetary base control). It is time that the Fried-

manites stopped trying to find common ground with the supply-siders "-for which the latter merely reward them by a kick in the most painful part of the anatomy. Instead they might remind the President that the Fed cannot control But it is the preoccupation that the Fed cannot control with theological technicalities both the quantity of money and by major monetary economists the rate of interest and that that I find worrying. In Fried technical tinkering will not man's own Monetary History remove the ultimate choice.

THE UK STAKE IN MALAYSIA

There are currently mora than British interests in other 300 companies in Malaysia in Malaysian mining companies which Britain has some form range from five to 20 per cent.

• Petroleum: The Shell group Tim mining: The most prominent is that of Charter Consolidated. It has 61.9m has been involved in all exploration for over 70 years. Its subsidiaries produce about 150,000 barrels of oil daily shares or 14.5 per cent of Malaysia Mining Corporation, (55 per cent of Malaysian out-

Shell's assets in Malaysia exceed Ibn ringgit, British Petroleum is involved in ex-

ploration. British National Oil Corporation has a technical agreement with Petronas, the state oil corporation. Tobacco: British controlled

companies deminate the cigaretic industry in Malaysia. The biggest manufacturer, Malaysian Tobacco Company (MTC) is 80 per cent owned by BAT.

· Banking: The Chartered Bank has been doing husiness

in Malaysia for over 100 years. The Hongkong Shanghai Bank was not far behind. The two banks have more than 70 branches spread across the country.

Cement: The Blue Circle

group owns about 60 per cent of publically listed Malayan Cement.

Chemicals: The ICI group has several companies in Malaysia, making and marketIng paints and chemicals. Its biggest investment is its 50.1 per cent stake in Chemical Company of Malaysia.

Unilever's Malaysian operations are conducted through Lever Brothers (M) Sdn.

Malaysian Estates, which is 80 per cent owned by Harrisons Cresfield, owns about

Plantations: Harrisons

Wong Sulong

Letters to the Editor

Rival links across the Channel

From the Director-General, General Council of British

the stilled by the state of the

of equity participation.

the world's biggest tin mining

group. This is worth 266m

tinggit at current market

Sir, In his article of January 28, Samuel Brittan referred to lobbyists, which would be very cost-ineffective." How right he is! The fixed link schemes, even without allowing for the cost overruns invariably associated with major capital projects, are gnormously expensive. Present

Rates versus

local taxation

From Mr John Heddle, MP

Sir,-Notwithstanding Mr A.

Potter's letter (February 1)

which rightly draws attention

to the fact that levying rates on

without representation"—a de-fect which I sought to rectify

in my Private Member's Bill

the Rating (Business Premises

Relief) Bill last June—his com-

ments should not go un-

Firstly, be is incorrect in stating that "domestic rate-

payers contribute less than 10

per cent of the total rates col-lected." For 1981/82 the esti-mated yield from domestic

rates for England and Wales is

\$4.1 billion and from commercial rates £5.2 billion. The

corresponding figures for 1980/

81 were £3.4 billion and £4.4

Secondly, he advocates that

commercial

1980 prices) for the small-bore tunnel, to £3,800m for the that ferry charges would be the bridge and tunnel scheme. Any fixed link should obviously be able to justify its and more efficient use of the

projects such as tha capital cost by savings in operat-Channel Tunnel, so beloved of ing costs. The advocates of the various schemes insist that they would be commercially viable. But are they all prepared to put their movey where their mouth is, without any Government or EEC subsidy or guarantee? If so, they will be estimates range from £850m (at brave men, seeing that their

The Layfield Committee em-

phasised that the tax would have to be collected and ad-

Revenue with the proceeds be-

ing distributed to local authori-

ties according to some formula

total estimated cost of £50 mil-

lion with similar costs baving

to be borne by employers. To-

day, the cost would certainly exceed £100 million.

The problem of distribution

of the yield would highlight the central problem of whether the basia of tax should be the place

of residence or the place of

work and failure to resolve this

precise manner would trans

find a fair and lasting solution

I bope that it will not be seduced into adopting an alter-

native form of taxation which will cause a dramatic rise in

assigned revenue.

ministered

related to origin.

costings are based on estimates same in 1990 in real terms as they are today. In fact, by better ferries (load factors on the Dover/Calais/Boulogne routes are only 35 per cent on a yearround average) fares will come corde during its development stage with the introduction of big jets and lower fares).

down (what bappened to Con-

The ferries provide a roundthe-clock, highly adaptable set

politics. Local authorities attuned, as are those of Wales and Scotland, to local traditions and conditions; increased parliamentary representation; the European Assembly: these should give scope enough for a territory the size of Yorkshire. At that time it was anticipated that 12,000 additional staff would bave to be recruited by the Revenue at a Put the Union, desired by most Protestants and many Catholics, beyond doubt, subject perhaps to periodical plehiscite: then appropriate institutions can be

developed for these islands which already form a Common Travel Area with virtually common citizenship.

The best "constitutional guarantees to protect the minority community" are now of a single Parliament. That is the lesson of Stormont. John Biggs-Davison. House of Commons, SW1

problem in an equitable and form the tax into a very expen-sively administered form of Putting money into holes in the road The Government'a resolve to From Mr M. J. Field

Sir,-In answer to Mr P. F. Hall's letter (January 27) regarding the De Lorean demand for £40m, his idea, that instead of the Government giving the cash they should 31 and certainly it must devise a system which at once inplace an order for the cars and creases local accountability, then dump or resell them, does strengthens local democracy and protects the industrial and commercial raterayer, but

bave a snag. Tha thought smacks of the Keynesian idea of getting a man to dig a hole in the ground and then fill it up again. Unfortunately the present Government is Monetarist. M. J. Field.

West Lavington, Devizes, Wilts.

Who controls the purse strings

of services carrying all kinds of traffic, including the largest lorries allowed on British roads. No tunnel could do this, And a tunnel or bridge would be subject to immediate blockage by engineering misbaps, weather, industrial action or sabotage The ferries, on the contrary, can cope with all changing conditions. They bave never been completely stopped, even by weather or industrial action since the end of World War II.

The Working Party consisting of the ferry companies, the Dover Harbour Board, the Kent County Council, this organisation and others, bas demonstrated that existing ferry fact weary of violence and of capacity is capable of coping with all estimated levels of traffic up to the end of the and comparatively century. small injections of capital will carry us through to the year 2010 and beyond.

The key question in the debate over the building of a fixed link between Britain and France is not which scheme is the best, but is any scheme necessary at all? Most of us. I think, would bave better suggestions for spending upwards of £850m. W. P. Shovelton.

30-32 St Mary Axe, EC3

The tax laws and divorce From Mr David G. Lindsay

Sir, - Congratulations Rosemary Burt on her article (January 30) demonstrating how the tax laws penalise the married by comparison with the divorced. A aomewhat similar comparison could be mada between the married and the single.

Two aimple steps that I have been advocating in your columns could eliminate this injustice, namely:-Allow the married to out for

partnership tax treatment, i.e. "income splitting," in which tax (both income and capital gains) is levied on the couple jointly at twice the tax that would be payable by a single person having half the couple's aggregate income or half their aggregate capital

2. Reintroduce child tax allow ance (at a level that takes account of the fact that part of the cost of a child benefit) and allow the single nersonal allowance only to

The foregoing could be paid for by abolishing mortgage interest relief, which has had no justification since schedule A tax on home ownership was

RMA HNOLOGY

and the biggest event is The Barbican London 9-12 February

INFO 82. Europe's leading office automation show, opens on February 9th at London's newest exhibition centre. No other exhibition gives such a complete picture of the electronic office of the future. And this year's INFO will be

exhibitors showing the most advanced business information technology - including computers, word processors and information retrieval systems. There's even a section "Software in the City"

bigger than ever, with over 120 with the latest developments from Britain's leading software specialists.

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PLEASE NOTE THAT PERSONS UNDER THE AGE OF 18 WILL NOT BE ADMITTED.

Secondly, he advocates that the present rating system to "the great rate debate" to "the great rate debate" must begin in earnest after the consultation period, for its field Committee of Enquiry Green Paper expires on March Carlo green Paper expires on March C into local government finance in 1976 pnt this tax forward as a serious candidate to act as a supplement to local rates for benefit of the shire counties, the Metropolitan districts and the London boroughs, but if did not advocate local income tax as a substitute.

There are, however, serious disadvantages which would seem to rule this tax out of consideration even to the extent suggested by Layfield.

Successive governments have pursued policies which seek to Lessons to learn transfer the burden from direct to indirect forms of taxation. As a tax on work and incentive, the introduction of local income tax seems to be inappropriate in the current economic climate and especially when a world recession is occurring. To replace the present yield domestic rates alone

would cause a rise in the basic

rate of income tax amounting

to about 6p in the pound and

if the rating system were to be

abolished in its entirety, in-

come tax would have to be in-

creased to about 13.5p in the

in Northern Ireland From Sir John Biggs-Davison

John Heddle.

Sir,—It is not "beyond the wit of man to devise appropriate safeguards" (leading article February 1) for the minority in a new Northern Ireland elected assembly, it should be possible to provide them in adding some powers to the District Councils and in restoring not a legislature but the missing upper tier of

local government. What you describe as "a Peter M. Oppenheimer. Christ Church, Oxford. very political province" is in

the standard rate of tax. Dountsey's School House of Commons, SW1.

> From Mr Peter Oppenheimer Sir,-Until this morning, I was quite confident that only tha Bank of England could afford to issue 25-year debt at 16 per cent, since it alone would not be bearing the risks of such an issue. Now Barclays has done it too. Could there possibly be a clearer admission of who really controls the UK

abolished. David G. Lindsay. 36 Orchard Coombe, Whitchurch Hill,

Companies and Markets

TMG estimates 1981 losses at I£1.5m

December to raise approximately 1£6.75m in a capital reconstruc-tion and rights issue of 6.9m convertible preference shares, estimates that its pre-tax losses in 1981 were approximately £1.5m and extraordinary losses

For 1980, the diversified Irish engineering group incurred pre-tax losses of £2.7m and extraordinary losses of £3.8m. In a document giving details of the capital reconstruction, Mr

James O'Dwyer, a director, says that as a result of these losses and certain closures, the borrowings of the group have escalated to an unacceptably high level.

Following the closures of Pierce Wexford, Hammond Iodustries and Massey-Ferguson Distributors, the group now consists of six wholly-owned operating units. Tonge and Teggart, J. and C. McGloughlin, A. H. Masser, Waterford Ironfounders, Masser Hammond and Hammond Lane Metal Company. It also has a 50 per cent interest in Irish Containers and a 29 per cent stake in Sanbra-Fyffe.

BY JOHN MOORE

advisers to Heron Corporation over its intended offer of £46.6m

for Associated Communications Corporation, the entertainments conglomerate, are meeting with

Standard Chartered Merchant Bank, advisers to ACC today.

sing the conditional terms

offered by Heron on the night of January 13. Then Heron approached ACC as the hoard

was concluding an agreed £36m

takeover of the group by business interests of the Australian entrepreneur, Mr Robert Holmes

The main areas of discussion

at today's meeting will be the question of whether ACC will

allow further investigation of

the company's affairs by Heron; and, a pivotal point of the meet-

ing will be whether Heron will be able to control 100 per cent

Heron is seeking the accept-ance of Mr Holmes a Court to

any offer which it makes. Mr Holmes a Court holds around 51 per cent of the non-voting shares Heron's appeal co

per cent of the non-voting shares through his pusiness interests and over 2 per cent of the voling shares. Directors of ACC, shares. Directors of ACC, including Lord Grade, from heard on February 15.

The two sides will be discus-

Heron and ACC

advisers meet today

Barclays Merchant Back, whom Mr Holmes à Court took

voting sheres.

to improve their performance.

Subject to the approval of ordinary shareholders and bolders of the 10 per cent convertible subordinaled unsecured loan stock 1992, two new convertible 25p shares at par for every three ordinery 25p sbares or £3.30 nominal of stock beld on February 8. The new preference shares are convertible into new "B" ordinary shares with a par value of 125p on June 30 of any year to 1991 on the basis of two "B" ordinary shares for each preference share.

Dealings in the new preference shares are expected to begin on March 3 and the final date for acceptances is March 24.

TMG has also agreed with its banks that it will receive new facilities amounting to £6.25m and the banks have agreed to subscribe £1.75m for 175,000 £1 per bank preference shares. Foir Teoranta, the Irish State-backed of industrial rescue service, is

over the chair last month, bave already pledged their support to

the Australian's offer repre-senting nearly 64 per cent of the

But it is understood that sliggough Mr Gerald Ronaon,

head of Heron Corporation, a diversified private company,

wants to own 100 per cent of ACC he could still remain interested in making the offer

even though Mr Holmes a Court

In his absence a board meeting is likely to be beld

later this week, perhaps Tuesday

or Wednesday, taken by his nominated acting chief execu-tive, Mr Bert Renters, to consider the Heron proposals.

Meanwhile, the formal offer

document from Mr Holmes a Court is in draft form and could

be issued on Thursday of this

week depending on the outcome

decides not to accept.

Mr Holmes à Court is in which has been io talks with various parties, which might hask in the UK until the end of running its business. Late last

decides not to accept.

troubled TMG Group, Weserford Ironfounders and subscribing £1.75m for 175,090 announced proposals in A. H. Masser, the remaining Foir Teoranta £1 preference Waterford and Dublin.

TMG also proposes to convert possible. the £863,000 outstanding balance As pa of its convertible loan stock. It is a condition of the proposals that stockholders sanction the conversion into 784,584 new "A" ordinary shares which will be entilled to a gross dividend of 11p per year. They will be convertible into ordinary shares on the basis of one-for-one.

Ordinary shareholders who do not subscrib for the preference shares in the rights issue will suffer a dilution in their voting rights of approximalely 60.4 per cent on full conversion. Those who do subscribe will suffer a dilution in voting rights of 7.6 per cent.

A pro-forms consolidated balance sheet at December 31, 1981, adjusted for the capital reconstruction, reconstruction, shows net tangible assets of £11.7m, £7.06m in shareholders funds

and £4.1m in bank borrowings.

planning

restructure

The plans are expected to in-

The overseas operations of Carr are thought to be going to

a substantial UK concern.
The move follows a long period
of reassessment at Carr Sebag.

month a plan to enter a joint operation with another broker Brewin Dolphin on the private

client side of Carr Sebag's business was dropped.

Under the proposed plan Brewin Dolpbla would bave pro-vided settlement services for a

new private client company run

by the privale client parlners of

U.5. and General Trust-Lon-

don and Manchester Assurance Company has acquired 290,000 ordinary making total holding of 2,005,000 (24,73 per cent).

SHARE STAKE

subsidiaries are profitable, shares and the Industrial trading outcome for 1982 but the reduction of the company's Stringent measures are being Development Authority is the proposed restructuring capital, including the elimination taken in both of these companies having for £1.5m and leasing should provide a basis from of the £4.3m deficit on revenue to improve their performance. profitability as quickly as

As part of the proposals, Jefferson Smurfit will participate TMG's meteoric rise and fall in in the management of TMG and the past six years almost takes

full conversion and these shares.

net the underwriter.

Tynevills Investments, a Waterford Ironfounders and Mr. Maurice. Buckley took charge, family interests of Mr. M. W. J. the shares rose from a low of Smurfit and Mr. M. A. Buckley, I 28p to 206.5p in 1973 when the preference shares, carrying 122 per cent of the water of the shares rose from a low of things started. ill-timed acquisition of will be beld personally by Mr Massey-Ferguson franchise in Smurfit and Mr Buckley. 1979 were particularly damaging. murfit and Mr Buckley. 1979 were particularly damaging.
The balance of the rights issue Losses and clasure provisions has been underwritten, by sent horrowings to over film Smurff Investments (Ireland). last year, nine times share-If other ordinary shareholders holders' funds. The shares and stockholders do not take up plunged to 14p last year and any of their rights, then 43.9 have edged down slightly since and stockholders do not take up plunged to 14p last year and any of their rights, then 43.9 have edged down slightly since per cent of the voting rights on then. The rescue package will conversion will be held by bring capital gearing down to 58 bring capital gearing down to 58

full conversion will be held by the underwriter. It has been agreed as a tion equipment and foundry condition of the proposals that businesses still in loss, the prostructure of the proposals that the construction of the proposals that the construction of the proposals that the prostructure of the proposals that the proposals t Carr Sebag Slow start to year

by Ley's Foundries Carr Sebag, the large UK stock-broking firm which has been examining its future role in stockbroking, will reveal a major restructuring plan later this Foundries and Engineering bas carried out in conjunction with not opened as well as had been the auditors and changes have not opened as well as had been expected, says Mr Ian Ley, the chairman, in it annual statement. This is because the first quarter's results of Ley's Maileable Castings bave been hit by a long strike at a major customer with an immediate offset on sales. volve a sale of the overseas operations of W. I. Carr. part of the Carr Sebag group, and a reshuffle of the parinership.

effect on sales. For the year ended Seplember 30, 1981, the worst trading conditions in the group's history resulted in a pre-tax loss of £2.43m, against a £0.54m profit previously—as reported January

Mr Ley says competition for orders remains fierce and the selling prices obtainable are unsatisfactory on a long-term hasis, hut adds that there is greater recognition of the importance of achieving satisfactory improve-ments in productivity as the only way to secure a real advance

from the present position.

Beeston Boiler produced a substantial loss for 1980-81.

Following the discovery that the value of slock and work in prorress had been overstated diring a long period in the financial Information submitted to management, the executive responsible for reporting these matters to the board bas left the

An investigation has been

It is considered that the overvaluation amounted to some £640,000 as at September 30, 1980 and this amount has been deducted from the revenue reserves at that date. Comparaaccounts have been adjusted.

SPAIN	
	Feb 5
1981-82	Price %
High Low	
350 251	Banco Bilbao 338
359 230	Banco Central 359
323 229	Banco Exterior 321
337 239	Banca Hispano 323
128 115	Banco Ind. Cat 115
383 284	Banca Santander 359
223 148	
395 263	Banco Vizceys 398
252 203	Benco Zaragoza 235
173 82	Dragades 173
75 45	Espanola Zing 62
72 55	
55 22	Gal. Preciados 44
82.7 83.5	Hidrola 67.5
62.5 50	
102.5 70	
104 70	Patroliber 96
102 20	Sogefiss 20
80 60	Talafonica 74
78.2 60	Union Elect 58.7

THE TRING HALL **USM INDEX**

118.9 (unchanged) BA5E DATE 10/11/80 100 Tel.: 01-638 1591

BOARD MEETINGS

notified dates all board meetings to the Stock Exchange. Such meetings are usually beld for the purpose at considering dividends. Official indications are not available as to whether dividends are interims or finals and the subdivisions shown below are based mainly on lest year's timetable.

TODAY
Interims—Home Farm Products, Meet Trade Suppliers.
Finals—Boedstone Investment Trust, Lancashine and London Investment

Lancashire and London Investment Trust, Manchester Ship Canel, U. C.

FUTURE DATES	
Interims— Consolidated Gold Fields Dale Electric Immtaelonal Press Tools Ransom (William) Worthington (A. J.)	Mar 3 Feb 11 Feb 11 Feb 18 Feb 9
Finats— BICC	Mer 24 Mar 4.
Ramney Trust	Feb 22 Feb 11
Waber (William)	Fab 11 Feb 18

FT Share Information

The following securities have been added to the Share Information Service: Alexander and Alexander
Services (Common Stock and
11 per cent Conv. Debs.)
(Section: Insurance). Alexander

Drayton Far Eastern Trust Warrants 1982-91 (Investment Trusts). Figits (Electricals).

Nationwide Building Society 154

per cent (24/11/82) (Loans—
Building Societies).

Nationwide Building Society 154

Nationwide Building Society 154

*Commercial
Union...Feb 23 Final 6.4
*Cons. Gold
Fields...Mer B Int. 8.5
IRGMer IB Finel 3.0
IlatgetyFeb IB Int. 11.0
*De BeeraMar B Finel 50c
*DowtyFeb 31 Int. 2.2
Ouchie Swels...Mar 17 Int. pil
Fairclough per cent (13/12/82) (Loans— Building Societies). Town and City Properties 7 per cent Couv. Cam. Pref. (Property).

Dates when some of the more important company divides statements may be expected in the next few weeks are given in following table. The dates shown are those of last yill announcements except where the forthcoming board meet (indicated thus*) have been officially published. It should emphasised that dividends to be declared will not necessarily at the amounts in the column headed "Announcement last year." emphasized that dividends to be declared with not necessarily at the amounts in the column headed "Announcement last year

Date	Announce- ment lest year	Date	Annaunc ment la: year
		-Hanekone and	- 1
"Anglo American GoldMar 11	Flasi 800c	Shiohai Bkg. Mar B	
a-le and		HaoverFeb 23	Final 2.C
WiborgMar 6	Final 1.05	*iC1Feb 25	Sec. Int.
*BICCMar 24	Final 5.4	Imperial GpFab 11	Final 2.5
BSRMer 18	Final ail	Lex ServiceMar 19	Final 4
BTRMer 12	Final 5.5	Micyds Bank . Feb 18	Fine 91
Barclays BkMer. 5	Final 9.25	-LonchoFeb .11	Final &C
		Marchwiel Feb 19	Final 3.
Barrett DevpmtsMar 17	Int. 3.5	Midland Bank Mer 20	Final 14
DGVPHILLIAND 12	Int. 1.25	Mills and	
BejamMer 18	Tani 4 035	Allen Intl., Mar 29	Int. B.O.
Bibby (J.)Mar 5	-Fine 4.323	Mitchell Cotts Mar 5	Int O'S
*Birmid	·	NatWastFeb 23	Final 12
QualcastPab 17	Moet pu .	Nottingham MrigFeb 23	Final 3
Boddingtons		Pleasey Feb 26	Int. 3.2
BrewariesMar 18	Pinel 1.8	Ransomes Sims	
British		and Jefferies:Mar 4	Final g
Aluminium Mer 11.	Final 2.0	RentokiiMar. 4	Finel 3.
British		Royal Dutch	
PetroleumMar 12		PetrolaumMer 12	Finel F
British VitaMer 3		Royal InaceMar 2	Final 1/
Brown Bros Feb 26	Int. 1.0	SecuricorFeb 10	Fine: 1
Cadbury		Security Services Feb 10	Pinel 1
SchwappesMar 1B	Final 2.9	Shell TransptMar 12	Final p
Carrington		Sime DarbyFeb 19	Int. 10:
ViyetlaFab 25	Final nil	Swifts, Potts,Mar 5	Int of
Cement -		STCMar 20	Final 6.
RoadstoneMar 18	Final 3.73	Steetley Mar 18	Final 6
*Commarcial		Tilling (T.) Mar 18	Finel £
Benk AustFeb 25	Int. 10c	Transpt. DevMar 12 TricentrolMer 18	Final 5
*Commercial UnionFeb 23	Engl 6.4	Tuber InveMer 10	Final 3
*Cons. Gold	risial G-4	"Turner and	
FieldsMer B	Int. 8.5	Nowell Mar. 17	Finel 3.
nagMar 18	. Final 3.0	UltramarMar 11	Enal 7
naigetyFeb 18:	Int. 11.0	*UnileverMar 3	Final 2
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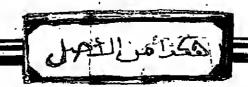
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payable on the relevant interest Payment D
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INTERNATIONAL CAPITAL MARKETS

KUWAITI DINAR BONDS

Controlled growth policy protects prestige market

poration would have to pay for comparable Eurodollar debt.

ACTS points out that the spread relationship between cost

of funds and yield and KD bond issues is "exceptional." KD

deposit rates are currently

quoted at 61 per cent by local

banks, compared to a 12 per cent yield. But bankers point

out that this is mainly true for

holders of KD deposits, Institu-

tions which must buy dinars are

forced to pay up to 21 per cent more than Kuwaitis.

The dinar's value is pegged to

a weighted basket of currencies

that closely follow the U.S. dollar, Although the contents of

the basket are secret, it is said

to be dominated by the U.S. dollar. This is because Kuwait's

oil is priced in dollars and about

40 per cent of Kuwait's Gross National Product comes from in-

come on mostly dollar-denominated investments. Des-

pite the close link with the

dollar, the Kuwait dinar has

been able to avoid the large

fluctuation of the dollar by tight control of interest rates by

While most corporate treasur-

ers would leap at a chance to

float an issue on the KD bond

"The loans are granted at subsidised rates. A secondary market is virtually non-existent." Last year the total value of outstanding KD bond

issues was \$500m; only \$106m

was traded on the secondary

The KD bond market fits

neatly into Knwait's foreign policy: a policy designed to stay

on the right side of virtually

everybody. It constitutes a Kuwalti gesture to recycle petrodollars and allow borrow-

ers the may find it difficult

sedged international bond mar-

ket Kuwait will not only bave

where, to come into the rket. To become a full-

James Dorsey

market.

the Central Bank of Kuwait.

bankers more than 10 per cent. Even t, eight so, a dinar bond is 450 to 550 ening of basis points below what a corbelieve that Kowait, eight months after the re-opening of its dinar bond market, means to keep the market open. They has this conviction on the presence of the relatively new Finance Minister, Abdullatif Al Hamad; a professional banker and former chairman of Kuwait Investment Company (KIC), who sees the dinar bond market as a source of prestige for his tiny country of 1.5m people.

The dinar bond market is small with only £1.50n in dinar bonds having been placed since its inception in 1974. It is closely regulated by the Kuwaiti authorities, who while encouraging its growth, want the expansion to be orderly. 'A flooding of the market with paper will destroy it before it is ready. It would push rates up and prices down" said a Knwait banker.

To guard against overheating, all borrowers have to be approved by the Central Bank: each issue has to await its turn in an informal queue; and bonds are limited to 7m dinars \$25m) and a 10 year duration. The market was shut down in November 1979, re-opened for one foreign issue in 1980, and losed again until June 1981. asons for the closure were he Iran-Iraq war and skyrocket-U.S. interest rates which gered a huge capital flight. The Kuwait-based Arab Comny for Trading Securities (ACTS) claimed in a recent that the continued cline in dinar deposit rates had given the KD bond market a tremendous boost. The market has witnessed a record turn-over in KD bonds since the beginning of this year, the

TED

a Limited

Bankers, however, tend to take this with a grain of salt. They point out that the KD bond market is extremely attractive to borrowers but "rather rigged" for investors.

The attractions of the bond market are low interest rates and a stable currency that kee close track of the U.S. dollar to internationalise its currency law, dinar bonds can yield no but also float its interest ratemore than 10 per cent. Applicaa decision which in the words of one banker "would defeat the purpose of the exercise." tion of this law is being eroded by the recent issue of coupons above 10 per cent and by pric-ing an issue below par to yield

INTERNATIONAL BONDS

Europe resilient to bad news from America

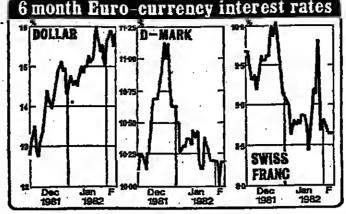
"OUR PRICES should down, but the market is quite strong." These were the words of one Eurobond trader last week, commenting on the man-ner in which Europe's capital markets have been resisting the bad financial news from across the Atlantic.

The Eurodollar, Euro D-Mark, and Swiss franc foreign bond markets were all uncertain about short-term interest rates, but not one of these markets

One explanation for the resilience of the Euromarket ia that major institutional investors did not engage in beavy selling last week. In addition a number of dealers covered short inventory positions with limited buying; this helped keep prices stable.
The stability of the Euro-

market is noteworthy because extreme swings and roundabouts in Federal funds. Eurocurrency deposit rates (see chart), and U.S. money supply figures. Friday's \$1.4bn drop in a fortnight that the money supply was truly in decline, but even this figure may not be enough to quell market anxieties on both sides of the Atlantic.

In the new issues business last week the Eurodollar sector two fast-selling floatingrate note offers for French in entering the competition for names. The first was the club the "Most Frequent Borrower market most investors tend to steer clear of it. "Why should we involve ourselves?" asked a Kuwait commercial banker. deal for Societe Generale of 1982." Having offered \$400m



through Samuel Montagu, paying } per cent above London Interbank offered rate (Libor). The \$250m worth of 13-year paper, complete with investor redemption options and flat fees for waiving such options, went very quickly indeed.

Later in the week Credit M-1 was the first indication in National, the French state coupon was cut from an indifinancing agency, jumped in with \$200m of 12-year paper paying 1 per cent above the mean of the London interbank bid and offered rates. Less of a spread, but the issue was also doing well on Friday,

What was less clear last week was wbather GMAC is interested

worth of zero coupon bonds last month GMAC was back last week with a \$150m six-year fixed interest offer at 16 per cent plus another \$400m of zero coupon bonds.

In the Euro D-Mark sector the drawing power of Philip Morris was proved again when the cated 9) per cent to 94 per cent at a price of 100} to yield 9.4 per cent.

Today may see a rare DM 50m offer for the South African Transport System (SATS) through BHF. The offer, if it comes, will have to be shortterm and high-coupon, given the borrower in question.

Alan Friedman

CREDITS

Confusion continues over the direction of spreads

debt since 1977. Postponements and delays elsewhere attested to a continuing confusion over

credits. Turkish Airlines, guaranteed by the Republic, is raising \$76.5m over 10 years at 1½ per cent over London interbank offered rates (Libor). The Ioan will be used to purchase four Boeing 727s and is being managed by Morgan Guaranty, the agent bank; Manufacturers Hanover; Bankers Trust; Amex; Arab Banking Corporation; and Arab Turkish Bank

The best spread previously achieved by Turkey was 12 per cent and some good news is clearly expected by the banks on the balance of payments front for 1981. The figures are due

Mexico bad a national boliday on Friday—which accounted for some at least of last week's delay in the announcement of mandate details for Pemex's \$2bn credit.

Four or five banks are now expected to receive the call before mid-week, probably to co-managers chosen by Pemex from the many banks which bave made individual approaches. If it sounds complicated, it is—and
"a very difficult situation" (one

U.S. bank's description) is un-

Argentina's electric utility, may have been simplified on Friday.

the direction of spreads—par-closing date for bids until about ticularly for Latin American February 10. One group will be region. led by Arab Banking Corpora-tion and Gulf International Bank. Two other groups, led by LBI and First Chicago, were talking on Friday about pool-

ing their efforts.

No such luck for Venezuela. The banks handling one-year loans for CVF, the state-owned development institution, still appear unclear about which has been mandated and which has

Five Arab banks, again led by ABC and GIB, have meanwhile been asked by Venezuela to formalise bid terms for a proposed \$1bn credit. The republic's \$500m credit completed last month achieved a record low spread for a Latin being weighed carefully in

The Arab banks are aware, though, of some antici-pation in the market of higher spreads for Latin American horrowers.

Banco del Estardo, Chile'a state-owned bank, is raising \$100m over eight years with a ten-bank management group including Orion Royal Bank. Spreads are split with 1-1 per

one firm decision last week with thing so simple as a mandate, over prime on two tranches residing its first major extends.

By contrast, competing hid. over prime on two tranches. The Chilean Telephone Company borrowed six-year money at a per cent over Libor last September. Now Chile's rate looks higher, adding to doubts about spreads for the whole

But appearances may be deceptive. sector deals for Chile have been well-received. The new credit's progress will be watched closely as too will any signs of a clear response from Ecuador to offers of a \$200m credit which should be awarded before February 18. Bids for a small loan to ISA, Columbia's central electricity utility, are also due

The unsettled state of the Eurocredit market is suggested on a rather grander scale by the triple-tiered nature of the \$800m credit for the Kingdom of Denmark. This borrower has never before turned to a prime base. Now it wants \$500m priced over prime as part of its search for new markets.

Spreads look set to stay very fine in the Far East, more so after the striking i per cent spread on the eight-year \$300m credit for Korea's Eximbank.

For most other borrowers. bowever - and their bankers, too-a firm direction for 1982 is still lacking.

D. Campbell-Smith

CURRENT INTERNATIONAL BOND ISSUES

Borrowers	Amount m.	Maturity	Av. life years	Coupon %	Price	· Lead manager	Offer yield %	Borrowers	Amount m.	Maturity	Av. (ife years	Coupon %	Price	Lead manager	Offer yield %
U.S. DOLLARS				'				D-MARKS							
Bridgestone Tyre §‡	70	1996	14	51	100	Daiwa Secs., Merrill Lyach	5.500	Prov. of Quebec Philip Morrist	150 150	1992	10	101	. * 100₹	Commerzbank Orescher Bank	9.400
Toray Inds. 1	50	1987	5	101	100	SG Warburg, Nomura		Tauernautobahn	50	1994	12	9}	*	West LB	*
McDonnell Douglas	20	1989	· ·			Intl. Merrill Lynch	10.250	SWISS FRANCS							
Honda Motor Co.§	50 80	1997	15	•	100	Nomura Intl., Merrill		Belgium**1	100	1987		B	100	Kredietbank, Morgan Grenfell	8.000
Okumura Corp.§‡	30	1997		51	100	Lynch Daiwa	5.750	Mitsubishi Gas **‡	40	1988		61	100	UBS	6.250
Gaz de France!	150	1994	15 12	24	19.85	CCF	14.420	Japan Devel, Bank‡	100	1992	_	6}	991	C5	6.821
Pepsicot	125	1994	12	ă	20.75	CSFB	14.000	Oest, Postsparkasse	100	1992	_		*	Kredietbank	•
GMAC	400	1992	10	ŏ	23.75	Salemen Bros.	14,510	CNT	100	1992	_	*	*	5BC	
GMACI	150	1988	14	16	100	Morgan Stanley	16.000	Tobu Stores**§‡	20	1987	_	6	100	Swiss Volksbank	6.000
Societe Generalett	250	1995	13	ELA	100	Samuel Montagu	5.2504	Crown Zellerbach**‡	75	1987	_	7 <u>}</u>	100	Zau	7.250
Credit National†	200	1994	13	514 514	100	Paribas, Salomon Bros.		Manitoba Province	100	1992	_	*	*	UBS	*
Credit Madorini	200	1774	14	274	100	BNP. Goldman Sachs		YEN							•
IMIT	50	1992	· 10	5}4	100	Societe Generale	5.2504	Japan Airlines	8.6bn	1987	5	•	•	Daiwa Secs., Morgan Guaranty	
CANADIAN DOLLARS	25	1988				Continental Illinois		Denmark‡	18bm	1994	12	8.4	99.85	Nikko Secs.	8.420
Bank of Montreal	25 75	1988	ě	16)	100	UBS Secs., Wood	16.750	KUWAITI DINARS Enso-Gutzeit Oyt	. 5	1989	5	10	991	KIC	11.940

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October 1981

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Manufacturers Hanover Trust Company, Bahrain
The Saudi National Commercial Bank, OBU, Bahrain
Societe Generale (Paris), Bahrain Branch

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U.S. BONDS

Fed fails to shed light on outlook

LAST FRIDAY'S money supply year to 45 per cent in the first need not dump all of it for M1. But the White House report from the Federal Reserve quarter of this year. failed to shed much light on the U.S. credit outlook-tn the disappointment of Wall Street. If down too, and the net result was anything, it added to the con- little change. fusion about the month-long crisis over the runaway money supply, setting an uncertain tone for the markets when they today. President Reagan's discouraging budget proposals will not help either.

The "headline" figure was a \$1.4bn drop in M1, which was the largest fall in a month but atill well below the \$3.5bn Wall Street was looking for. The Fed said, however, that the figures had been adjusted for various technical and seasonal reasons. Without these changes the fall would have been much higger: \$3.2hn, which was better.

But the Fed simultaneously released the minutes of its policy meeting on December 21 after the customary delay. These showed that it had sharply reduced the desired short-term growth range of MI from 7 per cent in the final quarter of lost

So even though money supply was down, the targets were

Analysts were hard put to draw any firm conclusions from all this but the knowledge that the Fed is cracking down harder on MI is bound to make the markets nervous. Interest rates were up across the board last week, particularly at the short end where a sharp jump in the Fed Funds rate yanked up yields on CDs, bills and commercial paper.

especially vulnerable state. Last week's \$10bn Treasury refunding — the largest of its kind — was not a success: it hit a weak and nervous market, and a large chunk of the paper (over 70 per cent by some esti-mates) ended up with dealers. rather than investors. This big dampener in the days ahead, though dealers do not

immediately.

record interest on the short and intermediate segments of the is keen interest as to whether refunding, where the market is he will yield on this point. a bit more resident. But the long bond (\$2.5bn over 30 years) went for a record 14.56 obviously be lapped up, too. per cent. The Treasury has already indicated that its

borrowing need will be large. Wall Street is unlikely to react favourably to Mr Reagan's 1983 budget, released yester-day, which projects a \$92bn deficit and even bigger deficits in succeeding years unless Con-And Wall Street is in an gress agrees to vote huge spending cuts. The budget also points to a continuation of the present conflict between a loose fiscal and a tight monetary policy which has been one of the main reasons for high interest rates.

On Wednesday Mr Paul Volcker, the chairman of the overhang will obviously be a Fed, will present to Congress the Fed's long term targets for monetary growth this year. He anead. mough dealers do not monetary grown that year. He actually have to pay for it until has already tentatively indi- AA industrial February 15, which means they cated a 2.5-5.5 per cent range Source: 66form

has tried to persuade him to The Treasury escaped paying raise the upper band to allow more economic growth. There

> Anything he has to say about the money supply problem will The Fed bas conspicuously chosen not to raise its discount rate from 12 per cent to match the surge in other short-term rates. But it freely admonishes banks who borrow at the discount window, which has the same effect: discouraging reserve growth. Some people think a discount rate increaseor possibly reimposition of the

surcharge — is still possible. David Lascelles

U.S. INTEREST RATES (%)

Wask to Wask to 13.65 15.25 14.47 12.75 16.13

by mid-1983, the 1,000-acre terminal, about ten miles south

of Baton Rouge, Louisiana, will

have a throughput capacity of 15m tons of coal annually, accommodating 60,000 ton Pana-mex vessels. When dredging of

the Mississippi River channel is

completed, the terminal can accept colliers up to 150,000 dwt.

GENERAL ACCIDENT has

appointed M Michel Dreux, who

Company manager for France, as its general manager for France.

· SANTOS, Australia's onshore

energy producer, has made the

following changes: Mr Des Wittwer, whose forthcoming retirement as executive general

manager of BHP's oil and gas

as the Yorkshire Insurance

further setback

BY OUR FINANCIAL STAFF

A DRAMATIC collapse in mid-term profits leading to a reduced dividend is reported by Associate Pulp and Paper Mills, the Australian manufacer of fine papers.

Profits before tax for the

six months to end 1981 have nose-dived to A\$7.45m from A\$26.17m a year earlier. The interim dividend is going down to 6 cents a share from 9 cents.

The outturn represents a further setback for APPM whose profits fell sharply in the second half of the year to last June. The pre-tax total for 1980-81 was A\$39.1m and shareholders received an overall dividend of 18 cents.

The company, which is one of the largest industrial groups in Australia, says it has been hit by a combination of poor production, rising costs and a decline in its weakening domestic market.

For the rest of 1981-82, APPM is confident of some recovery, although any upturn "will not compensate" for the poor first half. It also hinges on an improvement in demand and the avoidance of industrial

Sales in the six months ended 1981 were 3 per cent lower at A\$179m, and poor output-largely as a vesult of industrial action—has plainly taken its toll of APPA's valume.

Costs were a headache, notably wages and APPM has also had to face up to fierce competition. "Imports continue at a high level and are increasing."

The company complains of the "artificially" high rate of the Australian dollar, and says a marked and substantial devaluation is negessary to restore the competitiveness of Australian manufacturers.

APPM suffers | U.S. offshore banks pull in \$60bn in first few weeks

BY DAVID LASCELLES IN NEW YORK

THE NEW American offshore banking industry has attracted more than \$60bn in assets in the first six weeks of business, acording to estimates prepared by Salomon Brothers based on data assembled by the Federal Reserve.

The industry got under way in early December after the Federal Reserve allowed banks to sat up International Banking Facilities free from certain U.S. banking regulations to compete in the offshore markets, mainly the Euromarket.

IBFs created by U.S. banks have total assets of \$33bn while foreign bank IBFs have assets of \$28bn, showing that the overseas banking industry has been quick to establish itself in the offshore and domestic

Most of the assets in Im set up by U.S. banks were fram ferred from abroad, from branches in London, Large bourg, Nassan and else Selomon says. Foreign bar IBFs, however, drew the assets from their U.S. branch and egencies.

Although the \$61bn total a small fraction of the estimate \$1,200bn worldwide offsho market. Salomon expects He to get a further boost if a when the U.S. authorities at them to issue negotiable cer ficates of deposit.

So far, the Fed has be against this because it was against tune make the dividing line being make the dividing line being harder to enforce.

Frab Group makes senior

changes • M. Yves Bernard, chairman of Frab-Bank Intercational, Paris, and Frab-Bank (Middle East) is resigning his appointments on March 31, following the purchase of the noo-Arah shareholding in the FRAB GROUP by the National Bank of Kuwait, Mr Abdulaziz Hamad Al Sagar will hecome chairman of Frab-Bank Intercational on that date and Mr Mohamed Abdul Mohsin Al Kharafi will take over as chairman of Frab-Bank (Middle East). Mr Tony Gedeon is joining the group from Morgan Guaranty and hecomes general manager of Frab-Bank Intercational. Mr John Athoroe, a general manager of the National Bank of Kuwait, will be responsible for the overall supervision of the group's activities as well as continuing looking after the National Bank of Kuwait's nverseas develop-

until 1972, when he moved to London to join Hambros. His relationship as an advisor to Gotsas-Larsen began at Lehman Brothers and has continued at Hambros over the past 10 years.

 SCANDINAVIAN BANK has opened a branch at Wilsbire Bonlevard, Los Angeles. The © GOTAAS-LARSEN SHIPPING Arnoldus, executive vice-president; Mr Sture Devemark, muda, has elected Mr Harry E. Fitzgibbons to the Board from Holloway, wice - president, February 1. He is a director of treasury and foreign exchange;

• ALPHA TELECOMMUNICA-TIONS AND TECHNOLOGY has appointed to its advisory board Mr Rohert E LaBlane, New York City, and Dr Delbert D. Smith, Washington D.C. Mr LaBlanc will also be consultant to the company. Dr Smith has just returned to his private conultancies io the field of satellite communications. The advisory hoard will also include Mr Paul M. Friedenbach, Redwood City, Califoroia, and Mr Marcel S. Mihaeloff, Lausanne, Switzerland. Alpha, a privately held company, has been formed to invest in publicity quoted shares in the mications worldwide.

senior management of the new operation comprises: Mr Clint Hamhros Bank, London, and is chairman of Anglo Nordic president, operations; and Mr Shipping. He was with the Michael Scott, chief dealer,

INTERNATIONAL APPOINTMENTS appointed Mr Ian Strecker, formerly vice-president-operations for North America, as



R. Shourd who has been transferred to Schlumberger in New York where he will assist the executive vice-president-oilfield operations.

corporate finance department of SCHLUMBERGER WELL. HUNT INTERNATIONAL Clive Armour, Lehman Brothers, New York investment bankers, from 1967 appointed Mr Ian Strecker, Dallas, has appointed Mr Joe group development manager, is to be appointed group development manager. Dr John McKee, currently general Cunningham as terminal mana-ger of its Granada export terminal. He was port director manager-commercial for Wood-hall in Sydney, has been appointed finance director of Santos. Uotil mid-1981 Dr McKee of Gulfport, Mississippi. Ground breaking for the \$100m Granada coal terminal has started, and purchase orders have been was finance director of Shell South Africa. placed for major terminal equip-ment. Slated for full operation

AES Data has appointed a new managing director, Mr Jan
Coroelisse, for its subsidiary
company. DAISY SYSTEMS
HOLLAND. He comes from
Prime Computer Benefux BV
where he was managing director. • PHILIP MORRIS INTERNA TIONAL has formed two new regions: one for the European Economic Community and one for the European Free Trade Association, Eastern Europe, the Middle East and Africa. Mr Aleardo G. Buzzi has been ap-pointed president of the EEC region and Mr Walter Thoma has been ramed president of the EFTA regioo. Both will be based in Lausanne, Switzerland. Mr John Gibson is appointed execu-tive vice president for the EFTA region, and Mr Staffan Gunnarsson is named executive vice president for the EEC region.

division was announced recently, has been appointed managing director of Santos. Mr John Mr E. D. Klann has been ap McArdie, managing director of pointed finance and administra-belhi Petroleum Pty, has been appointed commercial director. Subsidiary companies of the Dr John Armstrong exploration GRAYSTON GROUP. He will McArdie, managing director of manager of Santos, has become be responsible for all finance and tional operations director, while Mr administration matters within March 1

Change on the control of the control

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SWISS FRANC

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Bell Ceneda 74 92
Sergan, City of 64 91
Bet. da Autopietas 8 90

Bet. da Autopietta 8 90
CECA 61, 91
Oome Petroleum 51, 91
Oome Petroleum 71, 90
Franc. Petroleum 71, 90
Franc. Petroleum 72, 91
Int. Amer. Dv. 8k, 7 91
I/S Elsam 82, 91
Japen Air Lines 71, 91
Neder Commiss 81

OKE 7 83

OKE 7 91

OKE 7, 92

OKE 7, 93

OKE 7, 94

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e spromted the Netherlands. Nederlandse manager. Dr Kraanverhuur B.V., and the subsidiary companies, J. G. Loenhout B.V., and Van der Vorst Kraanverhuur B.V., situated at Rotterdam and Hel-mond. He will be based at mond. Rotterdam.

Dr Hans Els, Dr Peter Fahrni Dr Jan Koch-Weser and Dr Guido Zanetti have been ap-nomied managers of F. pointed managers of F. HOFFMANN-LA ROCHE & CO. Basie.

 A main board director of NOMURA SECURITIES CO., Tokyo, Mr Massaki Kurokawa has become president and manag-ing director of Nomura International in Londoo. Mr Akira Shimizu, the outgoing president and managing director has been appointed as general manager-overseas division in Tokyo.

THE ROYAL BANK OF SCOTLAND has appointed Mr J. L. Stewart as senior repre sentative at its Chicago offic from February 1. He succeeds Mr Brian G. Hale who will be returning to the UK.

Mr David Beretta is retiring as chairman of UNIROYAL from February 28, but will remain a director. President and chief executive officer Mr Joseph P. Flannery will assume the addi-tional post of chairman on

Hi-Shear to merge with Raybestos-Manhattan

BY OUR FINANCIAL STAFF

U.S. manufacturer of aerospace one share of convertible fastening systems and high for each of Raybestos' 27 pressure piping has agreed in standing shares. The off principle to merge with ble shares will each Raybestos-Manhattan, a large redeemable into 1.3 Ray producer of brake and clutch common shares. linings and other automotive Hi-Shear aircady of parts. The merger, which has 30 per cent of Raybes still to be approved by share, at acquired in James of the control of t holders of the two companies, would create a group, to be named Raymark, with annual sales of close to \$500m according to a joint statement.

a tax-free merger, Raymark will (\$62m). Last year's figuressure one share of common include results of AVC stock for each of Hi-Shear's chased in April 1981.

HI-SHEAR Industries, a major 4.6m outstanding show ible shares will seek redeemable into 13 Rays Hi-Shear aiready owns

it acquired in January less y Raybestos amounced over weekend net profits for IN \$2.9m against a \$6.2m less 1980, on sales of \$342m a pared to \$274m. Fourth due Under the proposed deal profits were \$175,000 comparable will be in the form of to a £7.5m loss on sales of the

Hong Kong grants deposit licenc BY OUR FINANCIAL STAFF

THE HONG KONG GOV Royal Pacific; Pierson Helder has granted the first eight and Pierson; and WestLB A deposit-taking company licences since it introduced its new Deposit-Taking Companies Ordinance last year.

The eight are Baring Bros, and above for any per-asia; Canadian Eastern Fin Registered deposit taking o Asia:

Under the Ordinance, licen deposit-taking companies accept deposits of HK\$500,

Registered deposit taking o Asia; Canadian easiern and panies may accept deposits wort Benson (HK); Nomira HK\$50,000, but for a mission international (HK); Drion three-month period.

These securities have been sold outside the United States of America and Japan. This announcement appears as a matter of record only. .

NEW ISSUE

4th February, 1982 -

Hitachi Cable, Ltd.

(Hitachi Densen Kabushiki Kaisha)

U.S. \$40,000,000 51 per cent. Convertible Bonds 1996

Nomura International Limited

The Nikko Securities Co., (Europe) Ltd. Baring Brothers & Co., Limited Dresdner Bank Aktiengesellschaft

Banque Nationale de Paris

Morgan Guaranty Ltd

Wako International (Europe) Limited

Knwait Foreign Trading Contracting & Investment Co. (S.A.K.)

Sanwa Bank (Underwriters) Limited

Crédit Lyonnais

Union Bank of Switzerland (Securities) Limited Dai-Ichi Kangyo International Limited

•	Algemene Bank Nederland N.V. Al-Mal Group - An	naro International Limited Associated Japanese Bank (International)
	Anstrian Länderbank Busez del Gottardo	Julius Barr International Limited Bank Brossel Lembert N.V.
	Benk of Tokyo International Banque Générale du	Luxenbourg S.A. Banque de Neuflize, Schlamberger, Mallet
	Banque de Paris et des Pays-Bas Banque Worns	Creditanstalt-Bankverein Credit Industriel et Commercial.
	Credit Suisse First Boston Daiwa Europe Limited	Deutsche Girozentrale DG Bank -Deutsche Kommunatbank- Deutsche Genomendeaftsbank
	Drexel Burnham Lambert Effectenbank-Warhung Aktiengs	esellschaft European Banking Company Faji Liternational Finance
	Girozentrale und Bank der österreichischen Sparkassen Aktientischent	Goldman Sachs International Corp. The Hongkong Bank Group
	IBJ International Kidder, Peabody International	Kleinwort, Benson Kulm Loeb Lehman Brothers Asia
	Kowait Financial Centre, s.a.k. Kowait International F	inance Company s.a.k. Kuwait International Investment Co. s.a.k.
`	Kuwait Investment Company (S.A.K.) Manufacturers Hanov Limited	er Merrill Lynch International & Co. Mitsubishi Bank (Europe) S.A.
•	Samuel Montagu & Co. Morgan Grenfell & Co.	National Bank of Abu Dhabi The National Commercial Bank Sandi Arabia
	New Japan Securities Europe Nippon Kangyo K	akungan (Europe) Nomura International (Hong Kong) Lid.
	Orion Royal Bank Osakaya Securities Co. Ltd.	Pierson, Heldring & Pierson N.V. Salouson Brothers International
	Sanyo Securities Co., Ltd. J. Henry Schroder V	Vagg & Co. Limited Singspore Nomura Merchant Banking Limited
	Smith Barney, Harris Unham & Co. Société	Séguanaise de Benque Santitono Finance International
		wa Morgan Granfell Toyo Trust Asia J. Vontobel & Co.

مكنا من المعمل

SERVICE

FT INTERN	ATIONAL BOND SEF
U.S. DOLLAR Change on	Change on
STRAIGHTS Issued Bid Offer day week Yield Anheuser-Busch 184 83 100 102's 103 +0's +0's 15.75	Can. Utilities 17 96 CS 50 1972-98 -02-04 27/80
Anheuser-Ausch 181 83 100 1027 103 +01 +02 +03 15.75 APS Fin. Co. 174 86 60 1037 1041 +01 +01 15.85	Federal Dev. 17% 86 CS 40- 1102% 103% . O0%/18.78
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2r. Colum. Hyd. 164, 88 100 1014 1014 +04 0 15.81	Queb. Urban 16% 85 C5 20 1100 101 0 0 16.54
Ar. Colum. Mfa. 17 97 54 1024 1034 +04 -04 16.41.	Roynet 17% 86 C\$ 40 11001 101 0 -02 16.96 Tordom Cpn. 13% 85 C\$ 30 183 83% -03 -05 16.23
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Cities Service 17 88 150 103 1032 +04 -04 16.09	Amres Group 12's 86 Fl 40 102's 102's -0's -0's 11.47 Amres Bank 12 86 Fl 76 101's 101's -0's 0 11.50
Cons. 8s thurst 172 88 60 1023 1032 +04 - 14 18.70 CPC Fin. 164 86 50 103 1032 +04 +04 15.62	Amro Bank 12 86 Ft 76 1011 1011 -01 0 11 50 Amro Bank 12 86 Ft 90 1013 1017 -01 -01 11.50
Tupon 1 O/S 142 88 400 97% 97% +0% -0% 15.11	Heineken NV 10 87 FL 100 365 974 9 4-65 10 78
EIB 16-2 88 100 1004 1014 +04 -04 16.17	Plerson 104 86 Fl 50 97's 97's +04 +04 17.03
£12 16% 91 100 101% 101% +0% +0% 16.38	Rebobank 12 86 Fi 50 101 1017 -07 0 11.57
GMAC O/S Fin. 15-, 84 300 100% 101% +0% -0% 15.91	Air France 142, 88 FFr 200 933, 943 - 05, +03, 16,49 2k. America 142, 88 FFr 250 923, 933, 0 +03, 16,78
Gulf States 0/5 174 86 60 1044 1045 + 04 - 07 16.30]	
Jupan Airlines 15% 88 50 99% 100% +0% 0 15.18. Nat. Bk. Canada 16% 88 40 100% 101% +0% +0% 16.88	Charb'neges 13 85 FFr 400 83 94 0 +0 15.98 E18 14 86 FFr
Net. West 14% 91 100 957 96 +0% -072 16.60	La Redoute 143, 85 FEr 125 913 924 -07 +04 17.43
New Arunswick 17 88 60 104, 105, +0, +0, 16.67	OKB 14 86 FFT 400 924 934 -02 9 16.41
Nawfoundland 17's 89 80 106'2 107 +0's 0 15.61	6olvey et C. 14% 88 FFr 200 52% 53% -0% +0% 17.12
New & Lab. Hy. 174 89 75 104% 104% +04 +07 16.17	Swed. E. Cr. 14% 96 FFr 250 . 93% 94% 0 +1% 18.63
Ohio Edison Fin. 174, 88 75 1034, 104 0 +04 16.46 OKG 154, 97 50 974 +04 -04 16.79	U. Mex. Sts. 14 85 Ffr 150 913 923 0 +03 17.31 Acone 14 85 £
0 KG 15½ 97 50 97½ 97½ +0½ -0½ 16.79 0 ntario Hyd. 16 91 (N) 200 100½ 101½ +0½ 0 15.78	Remarkation 141, 90 f 20 847, 955, 0 -01, 17 62
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Quebec Hydro 174 91 150 1034 1044 0 -04 16.34	CECH 134 OF F 50 835 304 0 -04 18:00
Quabec Province 154, 89 150 954, 957, -04, -14, 16.24	Clucorp 0/9 134 90 £ 50 894 904 -04 -05 15.82
Seeketchewen 164, 88 100 101 10112 + 04 - 04 15.88 Statisforetag 154, 87 50 98 9812 0 - 04 16.27	Fin. Ex. Cred. 13% 86 £ . 15 90% 91% -0% -0% 16.88
Sweden 142 88 150 833 937 + 04 + 05 16.07	Gan. Bloc. Co. 122 89 £ 50 852 864 -04 -05 15.54 Hirem Welker 144 86 £ 25 934 942 +05 -05 16.23
Swad. Ex. Cred. 151, 93 75 100% 701% +0% -0% 16.24	Privetbanken 141, 88 £ 12 881, 901, -01, -1 17.16
Tenneco Int. 17 89 100 104 1042 +04 -04 16.93	J., Rothschild 14's 90 £ 12 92's 93's -6's -0's 15.68
Taxes Esstern 15's 88 75 99's 99's +0's 0 15.00	Royal Trustco 14 86 £ 12 93% 94% +0% -0% 16.19
Transcanada 174 88 75 106 1061, +04, -04 16.07 Transcanada 16 89 100 887, 95% 0 -04 16.16	Swed. Ex. Cr. 132 86 £ 20 817 824 -04 -04 16.45. Akzo 94 87 Luxfr 500 854 864 0 +04 12.75
Walt Gianay 154 88 100 102 1024 +04 +04 14.95	Akzo 94 87 Luxfr 500 854 864 0 +04 12.75 Eurstom 94 88 Luxfr 500 874 884 0 +04 12.81
Winnapeg 17 88 50 1031 1031 +01 +01 15.81	Eurofime 10% 87 Luxfr 500 92% 93% 0 45% 12:28
WMC Fin. 15'2 86 50 96'5 97'5 0 -0", 16.25	£ 8 94 88 Luxfr 600 884 894 +04 +04 12.40
World Bank 16 88 80 1004 1014 + 04 + 64 15.71 World Bank 16 86 130 1024 103 + 04 + 04 15.54	Volvo 9% 87 Luser 500 88 87 0 0 13.20
World Sank 162 85 130 1024 103 +04 +04 15.54 World Bank 164 88 100 1014 1024 +04 +04 16.92	FLOATING HATE
Average price changes On day +04 on week -04	NOTES Spread Bid Offer C.dte C.con C.vid
	Benk of Montreal 5- 90 07, 964, 994, 18/2 14-32
DEUTSCHE MARK Change on STRAIGHTS Issued 2id Offer day week Yield	Bank of Montreal 54 91 07 997 29/4 17.06 17.13
Asian Dev. 2ank 10 91 100 997, 1007, 0 +04, 9.95	Bank of Tokyo 54, 91 04, 994, 1004, 10/6 134, 13.25 ak. Nove Scotie 54, 93 04, 994, 100 29/4 17.06 17.11
Asien IIv. Bank 104 89 100 1014 1024 - 04 - 04 10.34	ak. Nove Scotie 57, 93 04, 991, 100 29/4 17.06 17.11 ast int. 5 86 04, 994, 997, 20/5 134, 13.55
Austrelia 94 91 300 967, 894 +04 -04 6.49	BFCE 54 88 04 995 1002 26/4 16.94 16.96
Beigslectric 11 91 100 1012 1012 0 -02 10.72	BFCE 54 87 04 994 1004 27/7 - 164 16.27
CECA 10 91	Christiania Bk. 51 91 401 99 991 5/2 15.56 15.68
Coun. of Europs 104 91 100 1004 1014 +04 -04 10.09	Co-8en Eurofin 5-, 91 04. 984, 994, 14/4, 16,69 16,88* Oen Norska Cred. 5-, 93 04. 974, 874, 4/8 13,56 13,91
EEC 101 93 100 1001 1014 0 0 9.98	Genfinance 54 92 04 994 100 30/6 154 15.54
EIB 81, 90 200 921, 927, -01, -01, 9.81	Gira und Benk 54 91 104 991 : 994 23/3: 14.06 14.15
Ela 103 91 200 1023 1034 0 -03 10.02 Finland, Rap. of 103 88 100 1005 1013 0 -03 10.20	GZB 54 92 104 985 894 5/3 134 13.27
Inter-American 10 St 100 100 1004 +04 +04 9.93	Ind. Bank Japan 54, 38 64, 984, 985, 975 13,31 13,52 Lloyds Eurofin 54 93 504, 984, 100 29/4 17.13 17.17
Inter-American 104 91 100 100% 101% 10% 0 10.05	TC9 100 00 00 00 000 000 00 00 00 00 00
Traind 104 85 100 89's 100's 0 -0's 10.08	MIDISTO INT. PIN. 9 91 0% 99% 100% 30/4 17.06 17.06
Japan Air Lines 81, 87 100 95, 951, -01, -07, 9,03	Nacional Fin. 57, 88 07, 1974, 974, 25/3, 17.31, 17.76.
Midland Int. Fin. 87, 90 180 935, 947, 0 0 9.53 Mt. ak. Onmk. 107, 91 100 997, 1007, 0 -07, 10.48	Nat. 2k. Canada El 88 Al. 985 TAM. 28/3 17 91 47 99
New Zesland 94 89 200 1004 1007 + 04 - 04 8.64	Nat. West. Fin. 5-, 91 \$04. 394. 594. 15/7 15.19-15.28 Nat. West. Fin. 6-, 92 504. 395, 1004, 23/4. 17 17.02
OKB 104 91 150 1004 101 +04 -04 9.89	Nordic Int. Fin. 5- 91 04 98 99 6/5 154 15.82
Oursber Hydro 10% 91 190 1013 1023 -05 -05 501	Nat. West. Fin. 54, 92 504, 994, 1004, 23/4, 17 17.02 Nordic int. Fin. 54, 91 04, 984, 99, 6/5 154, 15.32 Offshors, Mining 54, 91, 04, 984, 987, 2/2, 13 13.18
Renault Acpt. 10% 86 150 100% 100% 0 -0% 10.56	Tamex 6 31
Swed. Ex. Cred. 104 81 100 · 994 994 -04 10.30	PKhankan 5 91 OL ORL ORL 1716 148 44 CO
World 2ank 10 91 250 100 100 100 +01 -01 9.95 Average price changes On day 0 on week -01	Sanwa Int. Fin. 6- 88. 0- 1995 997 24/3 175 17.31
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- 1	BFCE 54, 88	01	994	100	20/4	70.34	7
1	Christiania Bt. 51- 91	401	994 994 994 974 974	COL	-517	15 56	
- 1	Christiania Bk. 512 91 Co-8an Eurofin 57, 91	02.	904	900	12/4	16 89	4
- 1	Oen Norska Cred. 5-2 93	07	97	374	4/8	13:56	-
	Genfinance 51 07	-	991,	100	30/6	15-	1
- 1	Giro und Bank 64 91	10%	991,	994	23/3	14.08	1
- 1	GZB 54 92	10%	985	694	5/3	134	1
- 1	Girs und Benk 54 91 GZB 574 92 Ind. Benk 152 93 LYCB Japan 574 93 Midland Int. Fin. 9 97 Nacional Fin. 574 88 Nat. 2k. Canada 514 88	04	984	98%	9/5	.73.37	7
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- 1	LTCB Japan 54 89	O.F	98	9972	16/7	15,31	1
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- 1	Macional Liu. 275 88	0.8	T974	.97%	25/3	77.31	
٠,	Nat. dk. Canada 54 88	0.4	362	120	24/3	17.31	1
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ı	Nat. 2k. Canada 5t. 88 Nat. Wast. Fin. 5t. 91 Nat. Wast. Fin. 5t. 91 Nordic int. Fin. 5t. 92 Nordic int. Fin. 5t. 92 Nordic int. Fin. 5t. 92 Pamex 8 91 PKbankan 5 91 Sanwa Int. Fin. 5t. 92 Seculand Int. 5t. 92	gur.	001	100-	23/4	. 17	7
- !	Office Mining Et Of	0%	2072	90	0/5	15	Ţ
- 1	Pamer 8 91	0.7	20.	984	Z/d	13	3
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- 1	Scotland Int 51. 62	4.5	100.2	50,1	24/5	777	3
- 1	-Sec. Pecific R. 91	2	981	207	25/3	13,94	
- 1	Sanwa Int. Fin. 5, 88 Scotland Int. 5, 92 Sec. Pecific 5, 91 Societa Generale 51, 91 Rtandard Chart. 51, 91 Sumitomo Fin. 52, 88 Average price chan		000	4.00	00 71		
- 1	Rtandard Chart 54. 91	-02	977_	997	19/5	17.74	- 1
- 1	Sumitomo Fin 51 82	OL.	24.4	20.5	6/3	10.E0	3
t	Average price chemi	. 72,	2	25.7	0/2	10,50	. 44
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- 1	CONVERTIBLE	Cnv.	Crrv.	٠ ٠		Che	• • •
l'	BOND8	date	Dripe	BLC	Offer	ciant.	
- 1	Ajlnomote 52 96	7/81	933	99	100	101	٠,
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	sow valley inv. 8 95	4/81	<i>2</i> 3.12	198	98		21
ı	Canon 54 95	1/81	23.12 829	196	.1097-	-0.	3
1	Canon 54 95	4/81 1/81 12/81	23.12 829 513.3	196 1077 1747	109%	-04 -04	3
	Cenon 54 95 Daiwa Secs. 57 96 Pujitsu Fenoc 45 86	4/81 1/81 12/81 10/81	23.12 829 513.3 5770	196 1077, 1747,	109°s 76°z	-0. -0.	3
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	Canon 54 95 Daiwa Secs. 57 96 Pujitsu Fence 47 86 Furukawa Elec. 54 96 Hanson O/S Fin. 97 96	4/81 1/81 12/81 10/81 7/81	23.12 829 513.3 6770 300	196 1077 1747 109 123 185	109% 76% 110% 124%	-0. -0. +1. +1.	34 75 6 7
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	Average price chan CONVERTIBLE BONDS Allnomote 5½ 96 Saw Valley Inv. 8 95 Canon 5½ 98 Puiltsu Fence 42 96 Furukawa Elsc. 5½ 96 Kansom 0/S Fin. 9½ 96 Hitachi Crad. Cpn. 5 98 Inchese 9 95	4/81 1/81 12/81 10/81 7/81 8/81 7/81	23.12 829 513.3 5770 300 2.74 1773	196 1077, 1747, 109 123 185	1097: 761, 1107: 1247; 86	-0. -1. +0. +0. +0.	34 75 6 77 57
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	Canon Fig 95	4/81 1/81 12/81 10/81 7/81 7/81 2/81 9/81 7/81	23.12 829 513.3 5770 300 2.74 1773 4.55 229	196 1077 1747 109 123 185 185 1867	96 109% 763, 1104, 1247, 86 874, 67 793,	-0.0 ++0.0 ++0.0 +-0.0 -2.0	35 4 3 6 7 5 12 5 12 5 12 5 12 5 12 5 12 5 12 5
	Kewesaki 5½ 96 Marul 6 96 MatsusMts Ej, 7½ 95	2/81 9/81 7/81 11/80	4.55 229 931	1057 1057	793, 1087,	+0% -0% +2%	12
	Kewesaki 5½ 96 Marul 6 96 MatsusMts Ej, 7½ 95	2/81 9/81 7/81 11/80	4.55 229 931	1057 1057	793, 1087,	+0% -0% +2%	12
	Kewesaki 5½ 96 Marul 6 96 MatsusMts Ej, 7½ 95	2/81 9/81 7/81 11/80	4.55 229 931	1057 1057	793, 1087,	+0% -0% +2%	12
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	Kewesaki 5½ 96 Marul 6 96 MatsusMts Ej, 7½ 95	2/81 9/81 7/81 11/80	4.55 229 931	1057 1057	793, 1087,	+0% -0% +2%	12
	Kewesaki 5½ 96 Marul 6 96 MatsusMts Ej, 7½ 95	2/81 9/81 7/81 11/80	4.55 229 931	1057 1057	793, 1087,	+0% -0% +2%	12
	Kewesaki 5½ 96 Marul 6 96 MatsusMts Ej, 7½ 95	2/81 9/81 7/81 11/80	4.55 229 931	1057 1057	793, 1087,	+0% -0% +2%	12
	Kewesaki 5½ 96 Marul 6 96 MatsusMts Ej, 7½ 95	2/81 9/81 7/81 11/80	4.55 229 931	1057 1057	793, 1087,	+0% -0% +2%	12
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	Kewesaki 5½ 96 Marul 6 96 MatsusMts Ej, 7½ 95	2/81 9/81 7/81 11/80	4.55 229 931	1057 1057	793, 1087,	+0% -0% +2%	12
	Kewesaki 5½ 96 Marul 6 96 MatsusMts Ej, 7½ 95	2/81 9/81 7/81 11/80	4.55 229 931	1057 1057	793, 1087,	+0% -0% +2%	12
	Kewesaki 5½ 96 Marul 6 96 MatsusMts Ej, 7½ 95	2/81 9/81 7/81 11/80	4.55 229 931	1057 1057	793, 1087,	+0% -0% +2%	12
	Kewesaki 5½ 96 Marul 6 96 MatsusMts Ej, 7½ 95	2/81 9/81 7/81 11/80	4.55 229 931	1057 1057	793, 1087,	+0% -0% +2%	12
	Kewesaki 5½ 96 Marul 6 96 MatsusMts Ej, 7½ 95	2/81 9/81 7/81 11/80	4.55 229 931	1057 1057	793, 1087,	+0% -0% +2%	12
	Canon Fy 95 Daiwa Secs. 57, 98 Pujitsu Fenor 47, 96 Pujitsu Fenor 47, 96 Hanson O/S Fin. 92, 96 Marul 6 96 Marul 6 96 Marul 6 96 Marul 6 96 Minorto 94, 97 Murata 51, 96 Minorto 94, 97 Murata 51, 96 Minorto 94, 97 Murata 51, 96 Minorto 94, 97 Oriant Finance 51, 97 Sanyo Electric 9, 97 Sanyo Elec	2/81 9/81 7/81 11/80	4.55 229 931	1057 1057	793, 1087,	+0% -0% +2%	12

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EUROBOND-TURNOVI (nominal value in \$m)

Cedel de U.S. \$ bonds Last week. Previous week 2,804.5 4.8 Other bonds Last week... 945.9 6

Previous week

• No information availableprevious day's price. † Only one market maker

732.2

supplied a price. STRAIGHT BONDS: The yi is the yield to redemption the mid-price; the amount iss is in millions of currency un except for Yen bonds whi it is in billions Charge week = Change over price a we earlier.

FLOATING BATE NOTE Denominated in dollars unli-otherwise indicated Conjugation is minimum. C.dte=Di next coupon hecomes effecti Spread=Margin above six-mo offered rate (1 three mont sabout mean rate) for U dollars. C.con = The carry ORK

CONVERTIBLE BONDS: I nominated in dellars in it otherwise indicated. Che day change on day. Chy date=Findate for conversion into share conversion into share conversed per share expressed currency of share at converse rate fixed at issue. Prem=Pressed centage premium of the currency. centage premium of the cus effective price of acqui shares via the bond over most recent price of the share

The list shows the 200 lake international bonds for with an adequate secondary managements. The prices over the particles were supplied by Kredi bank NV. Credit Commercial France; Credit Lyonnais. Commercial Research All Desire Res merzbank AG; Deutsche Ba AG: Westdentsche Landeste Girozentrale: Banque Gener du Luxembourg SA: Band Internationale Laxembour Kredietbank Luxembour Algemene Bank Nederland N Pierson, Heldring and Pierso Algemene Bank Negeriand
Pierson, Heldring and Pierson
Credit Snisse/Swiss Credit Bang
Union Bank of Switzerland
Akroyd and Smithers: Banke
Trust International; Credit Cormercial de France (Securitie
Londan; Ciffcorp, International
Bank, Debug Europe NV, Delit
Securities (UK) EBC, Fin
Chicago, Goldman Sachs International Corporation, Hassin's
Bank, IBJ International; Manufaturers Banover, Merrill Lynch
Morgan Stanley International
Nikko Securities Compan
(Enchye); Orion Royal Band
Samuel Montagu and Co. Sec.
dinavian Bank, Societe General dinavian Bank: Societe Gene Strauss Turnbull: Sumit Finance International, S. Warburg and Co., Wood Gund

Companies and Markets

WORLD STOCK MARKETS

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on in eeks	1981 7 Feb. Feb.	1981-9 Stock 5	1981-2 Stook 5	1981-2 Feb.	19d1 9 Stock 5	CANADA 1981-2 Fad. High Low Stock 5 974 1954 AMCA mt L	HOLLAND 1981:82 Feb. 8 Prico Fis 86.3 eb.b ACF Holding 78.5 27.5 16.7 AKZO 87.8 50th 269.5 ABH 885.5 90.3 d1 AMEV 81.2	HONG KONG 1981,82 Feb. 5 Prico High Low H.K. 5 38,75 19.5 Cheung Kong
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	914 176 Braniff Intil 214 864 22 Brigge Strain 2575 8814 4618 Bristol-Mysre 5514 8914 1879 8P 2159 1774 15 Brockway Glass. 1514 5618 8818 Brockway Glass. 1514 20 Brown Grp 2719 31 1578 Brown & Sharp. 1918 57 2336 Brown & Sharp. 1918 2718 1578 Browns Kokarp. 2578	19 634 Fed. Hat. Mort. 773 694 2414 Fed. Paper Brd 2631 655 154 Fed. Resources 153 4874 99 Fed. Dep. Stores. 3814 3559 1834 Feldcrest Mi 9314 134 95g Firestone 11 4674 32 1st Bank System 3214 19 84g 1st Charter Fin; 87g	871g 851q Lear-Biegler 251q 261g 871g 851q Leaseway Trans. 261g 437g 501g Lenox 541g 541g 560 265g Leyl Strouss 251g 241 227g Levitz Furntr 325q 291q 23 Libby Owens Fd. 235g 251g Libby Owens Fd. 255g 675q 46 357g Libby Coll 675q 675q 675g 151g 151	75.4 53 3319 19-9 Polarond 20-3 4854 24 Polloten 25-1 26-4 19-3 Prentice Hall 24-1 26-4 19-3 Prentice Hall 24-1 26-4 19-3 Prentice Hall 24-1 26-1 20 18-5 Pub. Serv. E. & G. 19 22-14 19-4 Pub. S. Indianx. 21-9 23-14 30-9 Purcx. 26 37-14 30-9 Quaker Oats 37-1 43-14 14-9 Quakex 15-1 10-6 7-8 Questor 97-8 32-1 16-9 RCA. 19-3 32-1 16-9 RCA. 19-3 32-1 16-9 RAJSON PUTINA. 11-19-3	9254	451, 221, Texeco Ganoda 271, 24 lbi; Thomson Hews A 221, 354, 263, Toronto Oom 8k. 2d3, 273, 18 TransCan Pipe 25 l31, 94 Trans Mntn. Dil A 91, 235, 8 Utd. 8isco Minos 61, 651, 18 Westcoat Trans 161, 151, 14 Westcoat Trans 121, 381, 301, Weston (Geo) 351,	1d5 79 Fagersta	4,d00 1,570 Pioneer
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	2614 2835 Cheese Pand 3534 2614 1715 Chicago Phoum 1875 934 315 Chrysler 414 5246 8735 Chubb 46 4512 29 Cincionati Mil 9314 2874 2115 (Citicorp 2834	973a 3414 Gen Motore	1334 548 Mottel	42	301s 185s Westvade	67.d 4d.5 Conti Gummi 49.0 361 8d3.6 Qaintler Senz 297.0 284.6 227.6 Degusa 240 167 127.0 Deniag 140.0 219 170.0 D'scho Babcoek 194.6 297 261 Oeutscho Bank 272.7 188.5 135 DU Schult 152.0 180 123.5 Oreagner Bank 242.5 77.9 54.8 Hapag Lloyd 63 129 110 Hosehi 202.0 27.d 17.0 Hoseh 25.5 450 26b.5 Hdizmann P 427.0	1,825, 920 Swiss Volksbk 895 4,0d6 2,765 Union Bank 3,015 2,820 2,050 Winterthur 9,250 16,976 14,300 Zurich Ins 15,450 AUSTRALIA 1981/02 Feb. 5 Prico High Low Aust. 3 4,d0 3,55 ANZ Group 4,25 1,6d d.90 Aerow Aust 1,6d	4.55 2.80 Abercom
	361s 95 Clark Equipment 25 451s 285s Clave Cliffs Iron 291s 125t 97s Clove X 113s 125t 98s Clove X 113s 125t	924 564 GSTY 01	39 a 91 4 Mead 21 4 39 a 39 a 91 4 Mead 25 4 39 a 91 4 Medio Conit 36 a 91 4 Medironie 36 a 91 4 7 c 9	774 243 243 243 243 261 274 274 274 274 275 276 271 274 274 275 276 277 277 277 277 277 277 277 277 277	2834 2012 Wise Else Powor 2812 2713 17 Woolworth 1714 4213 32 Wrigley 3514 1014 758 Wyly 1000 2114 1472 Yellow Frt 2ys 1514 3942 2915 Zapata 95 2114 1012 Zenith Radio 1314	150.0 1 dd Horton 109.2 280.5 169 Kaii und Salz 174.0 237 177.5 Karstadt 1d3.2 184.6 135.6 Kauffhol 190.5 62.2 41.6 Khoekkier 68.2 76.0 45 Krupu 59.0 358 297.0 Linde 390.9 78.5 51 Lurthanaa 52. 284.d 1d3.6 MAN 196.0 186 122.4 Mannesmann 147.0 329.5 220.0 Mercedes Hig 259.0	2.50 1.60 Assoc. Pulp Peo. 1.72 0.25 0.69 Audimco 0.09 2.40 1.54 Auet. Cons. Ind. 1.57 2.52 1.40 Auet. Cons. Ind. 1.57 3.90 9.55 Auet. Net. Inds. 8.92 2.40 1.84 Auet. Net. Inds. 8.92 2.40 1.84 Auet. Net. Inds. 8.92 2.40 1.84 Auet. Paper 2.02 2.71 1.45 Blue Metal 1.45 4.16 2.10 Bond Hidgs 2.58 4.00 2.5d Borel 2.90 2.45 1.05 Blville Copper 1.12 2.90 3.25 2.30 grambles Inds. 2.45	110 54.0 Cold Fields S.A 80.0 5.40 4.00 Highvel d dteel 5.4 9.75 5.70 Huletts 9.5 43.75 9.9d Klool 56 6.75 5.50 Hedbank 6.65 24 15.00 DK Bazaars 19.60 3.7 9.90 Prolea Hidgs 3.30 18.1 6.35 Rembrandt 10.8 5.75 3.00 Rennies 5.75 7.00 4.9 Rusl Plot 5.75 7.00 4.9 Rusl Plot 5.10 5.05 2.00 Sage Hidgs 5.0 5.15 3.25 SA Brews 4.92 22 15.00 Tiger Dots 21.5
460	NEW YORK				AUSTRIA 1981/92 Feb. 5 Price High Low %	191 160,0 Rhein West Elect 173,d - 386 260,5 Rosenthal 285	8-08 3.95 Bridge Dil	5.7 2.50 Unisec
96°	Feb. Feb. Feb. Feb. Feb. Feb. Feb. Feb.	89 High Low High: Low 88 971,18 1024,85 824,81 1851,70 41,22 127/4 125/8 111/1/75) (2/7/52)	Feb. Feb. F AUSTRALIA All Drd. (1/1/80) 549,5 '847,8 '8	ab, Feb. 1981-82 3 8 High Low	258 901 Credit stalt Pfd. 920 258 179 Loenderbank Pfd 190 976 843 Perimodser 259 110 95 Semperit 100 851 170 Stayr Osimler 172 2d7 200 Usitscher Mog 200	311 919.6 Schering 29d.5 2d9.0 192.8 Steriners 915 79.7 57.7 Tilysten 79.7 210 161.5 Varta 183.5 145.2 120.2 Veba 129.0 286.0 250 Verein West 271 180.0 119.5 Volkswagen 144.0	3.d5 2.76 CastemaineTys. 3.45 0.73 0.36 Ciulf Dil Ausin. 0.66 0.52 0.23 Do. Opts. 0.4d 1.85 1.05 Cockburn Ceml. 1.30 2.73 2.20 Colss G.J. 2.30 3.0d 1.45 Conside. 1.52	1981,82 Feb. 5 Price High Low Cruz 1.9d d.75 Acesta 1.d5 11.90 3.05 Banco 2rosil 11.90
1	Transport 357, 17 552, 63 555, 88 5	.65 556.14 447.38 555.48 447.58 12.28 167 1874 199/9+ 118/4/81 (8/7/82)	BELGIUM	15,4 · 385,2 735,2 771/81 : 377,6121/1/821	BELGUIM/LUXEMBOURG	FRANCE	9.00 4.70 Crusador Oll 5.90 1.40 0.95 Dunlop	1.57 1 40 Banco Itnu 1.55 4.89 1.9d Selgo. Min 3.70 7.30 2.80 Logas Amer 7.30 9.90 2.12 Petrodras PP 9.10 1.90 1.d5 Pirelli DP 1.20 9.95 2.05 Souza Cruz 8.20
10000000000000000000000000000000000000	000-1 85,550 87,508 49,580 45,020 47, **Day'e high 888.29. low 849,94. Ind. div. yield % 9:35	Jan. 22 Jan. 15 Year ago (approx	Beigan SE (51/19/65) 94.08 96.62 5- DEHMARK Copenhagen 9E 11/1/75 124.25 125.45 13 FRANCE CAC Cenoral (25/12/67) 85.48 35.8		High Low Fie, 1,584 840 ARBEO 1,190 5,000 3,700 Benk int A Lux 3,950 1,560 990 Bekkert 8 1,560 1,510 819 Chirent CSR 1,490 905 115 Dockord 1 190	519 - 370 Air Llouide 468.5	1.90	8.0d 4.65 Unip PE 8.0d 13.45 4.50 Vale Rio Doce 10.80 NOTES: Pricee on this page are as quoted en the individual exchanges and ere last traded prices: 5 Dealings euspended. xd Ex dividend, xc Ex scrip
	STANDARD AND PODRS Feb. Feb. Feb. Feb. Feb. Feb. Feb. Feb.	1981-82 Since Cmpli't'n	Ind Tendance 81/12/61 117,20, 117,7 11 GERMANY FAZ-Aktien (87/72/68) 229,21 229,91 22	15.8 115.2 117.7 (4/2/82) 97.7 (4/1/82) 18.35/ 228.58 245.47 (5/7) 216.88 (9/2) 16.1 886,1 749.8 (5/7) 865.4 (1/8/2)	2.035 1,199 E9ES 1,215 4,095 2,535 Ejectrobel 3,975 2,420 1,550 Fobrique Hai 2,365 9,960 1,550 G.B. Inno 2,450 1,484 900 OBL/9/IXX L. 1,355 1,730 1,182 Revent 1,730	212,5 95,3 Acquitaine 152,5 12d,5 23,2 Au Printemps 134,5 558 356 81C	1.20 d.31 Lennard Dil	Malaysia may
100 100 100 100 100 100 100 100 100 100	indust is 120,85 128,84 129,84 131,85 781 Composite 117.26 118.42 115.46 718.01 117	.58 154.61, 157.92 125.55 160.96 3.52		8.8 87.8 96.6 180/81 76.5 (28/81 8.2 68.5 76.4 (22/6) 81.4 (22/12) 4.15 1800.76 1816.20 (17/7) 7118.77 (6/10)	2,785 2,050 Hoboken 2,725 1,475 914 Intercom 1,442 5,090 3,319 Kredietbank 4,780 9,350 4,005 Pau Hidgs 5,800 5,200 3,660 Petrofino 4,665 9,000 3,900 Royole Belge 4,850 2,705 1,642 Sec. Cen. Bong 2,60d	1,59d 1,5d2 Carrefour 1,675 57d 366,0 Club Mediter 573 d53 340 CFAD 610 455 252 CGE 533.65 403 153 CSF (Thomson) 252	3.d2 2.60 Nat.Bank	cut tin production
	tid. div. yield % 6.54 Ind. P/E Ratio 7.86	5.d7 5.97 4.70 7.81 7.77 9.09	TALY Sance Comm Ital.(1972) 788,11 788,16 18 JAPAH** Cow Average (18/6/48) 7001.88/7854,78-788 Tokyo Hew 2E 141/68) 874,88 876,27 57		1,490 860 Soe. Oen. Beige 1,37d 3,350 2,010 Sofina 5,300 2,480 1,555 Solvay 2,165 2,550 1,060 Traction Elect 2,925 1,680 250 UCB 1,060 Traction Figure 1,650 788 484 Union Miniare 750	154.0 1d9.1 Cofimeg 113 214.9 109.1 CCF 1632 05 31.4 Creusot Loire d5.5 243.2 90.5 CFP 129.0	0.41 0.14 Pan Pacille 0.17 9.55 1.43 Pioneer Conc 1.55 0.58 0.19 Queen Marg'l C 0.14 2.95 2.10 Reckitt & Coin 2.36 0.50 4.19 Santos 9.96 1.95 1.04 Sleight 1.12 0.80 0.36 Bauthlond Minto 0.49 0.49 0.40	MALAYSIA yesterday eritteised major tin-consuming countries and said producers might set us their own mar- keling arrangements and cot
2/3/	NY. S.E. ALL COMMON 1921 -82 Fab. Feb. Feb. Fab. Heb. Low	mau 462 852 879 I	SIHCAPORE Straits Times (7888) 7M.36 782.88 78	9,71 128,38 145,72 (5/8) 710,34 (8/8) 5,06 785,17 978,28 (28/8) 778,75 (28/1/83)		43.b 27.4 ONEL 45.9 1,540 760 Dumez 1,555 518 401 Geo. Occidental 422 12d 55 Imetal 95.9 304 246 Latarge 296.1 866 090.d l'Orad 866 1,685 1,165 Legrond 1,640	0.60	Dutput, Renter reports from Kurata Lumpur. Malaysia, the world's blggest tin producer, has protested to the U.S., the targest
	97.7997.3087.4168.17 79.14 64.99	Unehanged: 412 440 431 Hew Highs 24 (ul 12 New Lows 41 (ul 41 19D1-82	SPAIN	1.0 (Ú1 797.8 (7/1/81) 473.5 18/7) 0.8 (Ú1 711.7 (8/1/82) 537.2 18/21 5.47 184.18 788.65 (5/2/82) 98.17 (5/1/82)	1981/82 Fed. d Price High : Low 3 133.D ;119.2 Andalsbanken. 125 368 321.8 Saltica Skand 583.4	1,685 1,165 Legrond	5.90 5.58 Western Mining, 4.00 4.35 1.00 Woodslüe Petrol. 1.d2 2.30 1.5d Woolworths. 1.d0 4.30 2.50 Woolworths. 2.63 2.50 SINGAPORE	consumer of the metal, over the release of the stockpites on the international market. Primary Industries Musister Datuk Paul Leong also com-
		48: 501.65 488.56 (37/6) 295.42 (28/1/8) 94: 287.18 576.28 (18/8) 280.09 (28/1/8)	SWEDEN	5.85 802.19 \$50.51 (19:6) 404.17 (29:1:81) 9.6 245.2 \$04.2 (2:4) 242.9 (17:11)	158 118.0 CopHandolsbank 158 42d 328.d 0, 2ukkertab	106 62.8 Poehiney 101/7; 237 23d Pernod Ricard 337 186,5 120 Perrier 160 193 112 Peugeot SA 160,5 90d,0 12b Poclain 160 272.8 173,5 Radioleeh 277,5	1981/82 Fed. 5 Price High Low 9.60 9.90 Soustead Shd. 2.44 5.40 2.95 Cold Storage 3.98	pleined about changes in London tiu market regula- tions. The Loudou Metal
15 5 19 11 11 11	Fridoy Stocks Closing on traded price day	Stocks Closing on traded price day	(5°) Set Jen 30: Japan is	9.8 140.8 182.8 (8/1/81) 155.0 (28/9) Dow 7938.83 TSE 582.62 Copt Australia All Ordinary and Metale	280 1D5 CNT Hidg	973 440 Redoute	7.60 4.54 Fraser & Neave 6.00 7.60 4.54 Fraser & Neave 6.00 5.55 2.76 Haw Par 3.52 4.20 1.63 Incheape 8hd 1.98 9.90 4.60 Malay Banking 6.45	Exchange, faced with a buyers' scramble for supplies to meet obtigations to au unknown buyer, last week decided to limit the penalty
	Eastman Kodek 622,300 75 + 3	Morin Vest (1.542,800 37 + 1/2) Phillips Patrolm, 543,800 37 + 1/2 Amer. Aurlinss 542,100 11/2 + 1/2 Union Ractic 515,200 41/4 - 2/4 Transworld 502,200 18/2 + 1/2	500; NYSE All Common—50; Standard fast named based on 1975. † Excluding the standard of the standard of Figs.	end Poors—10: and Toronto—1,000; the led boads. \$ 400 industrials. \$ 400 noists and 20 Transports. a Closed.	137 -119 - Provinstanken : 130 -	1,228 844 Fetermech Elect. 1,166 252 148 Thomson Brand1 252; 500 142,5 Valeo 235	15.5 - 4.0 Mslay Brew	their commitments uptil tin is more readily available.

MONEY MARKETS

Bothered and bewildered

LONDON short-term interest were also slightly firmer.

rates were virtually unchanged from that point the market appeared to give up trying to appeared totally bemused by the guess what would happen oext.

This reduction in the retes at which were again expected to which the authorities huy bills from the marekt came on the same day that U.S. rates threatened to go through the roof following another disapointing set of moocy supply figures.

Market rates for coe-mooth hills reacted to the cut in the dealing rate, but longer lerm bills were more influenced by trends on the other side of the Atlantic, while interbank rates which were again expected to show a decline.

While Loodon and most of Europe remained dormant, hoping that the plans to reduce interest rates were not to be supplied to show a decline.

While Loodon and most of Europe remained dormant, hoping that the plans to reduce interest rates were not to be supplied to be interest rates were not to be supplied to be interest rates were not to be supplied to be interest rates were not to be supplied to be interest rates were not to be supplied to be interest rates were not to be interest rates were

conflicting pressure on U.S. and the rest of the week was rates. The picture was even spent with on real yield curve, more confused by a further cut. Interbank rates from one to 12 io the Baok of Eogland money months jogged along at 144-14? market dealing rates at the per ceot, awaiting the next set hesinning of the week.

This reduction in the rates at which were again expected to

BANK OF ENGLAND TREASURY BILL TENDER											
! Feb. 5	jan. 29	;	Feb. 5	Jan, 29							
Bills on offer £100m Total of	£100m	Top accepted rate of discount	15.5973%	15,5371%							
epplications ££48,955m Total allocated . £100m Minimum	: £100m	rate of discount Average yield	13.58813 14.04%	13.5122% 13.88%							
accepted bld £95,61 Allotment at minimum level 74%	£96.625	Amount on offer at next tender	£100m	£100m							
99 day bit to allowed at \$0	5.50										

pushed Federal funds up to 161 the per cent on Wednesday. Bank appeared to issue a statement prime rates rose to 164-164. Rates theo eased, but the situation in the next few weeks to

tion became very confused when bring down interest rates. WEEKLY CHANGE IN WORLD INTEREST RATES

COLIN MILLHAM

		:	1	5	
LOUBON	Feb. 5	change		Feb. 5	change
LONDON Base rates 7 day interbank 5 mth Interbank Treasury Bill Tender Band 1 Bills Band 2 Bills Band 5 Bills 5 Mth. Treasury Sills 1 Mth. Bank Bills 5 Mth. Bank Bills	14 & 14 & 14 & 14 & 14 & 15 & 56 & 1 & 15 & 15 & 15 & 15 & 15	0.6552 Unch'd	Federal funds 3 mth Treasury Bills 6 Mth. Treasury Bills 5 Mth. GD FRANKFURT Special Lombard	13,82 15,37	+3; +14; +1,59 +1,21 +1,42 Unch'd -0,275 -0,075
TOKYO One month Bills Three month Bills BRUSSELS	6.71275 6.59375	Unch'd	MILAN	16 151 ₈	Unch'd
One month Three month	144 154 	Unch' d	One month Three month	20:4 21:2	1 ₆

London—band 1 bills mature in up to 14 days, band 2 bills 15 to 33 days, and band 3 bills 34 to 63 days. Retes quoted represent 8ank of England buying or settling rates with the money market. In other centree rates are generally depositions in the domestic money market, and their respective changes during the week 8and 4 (64-01 days) 13%.

FT LONDON

INTERBANK FIXING

	o months	der goliste
_	bid 15 9/16	offer 15 11:15
	6 months	U.S. dollars
	bid 15 1/2	offer 15 5/8

The fixing rates (Fnb S) are the anth-matic means, rounded to the nearest one-sixteenth, of the bid and offered rates for S10m quated by the marks; to five reference banks at 11 am each working day. The banks are National Westmanster Bank, Bank of Tokyo, Ocuteche 2ank, Banque National de Paris and Means Guerrate Trace

LONDON MONEY RATES

Feb. 5 1982	Starling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotlable bonds		Company		Treasury	Eligible . Sank . Bills & :	Fine Trade Sille &
Gvernight		10-1512	1414-1438	- 1	-	1414	13.14%	_	_ :	
2 days notice		-	14 4-1430	!		i -	. – :	_		_
days or			-	i	-	;	· - ·	. —		_
? days notice	- '	14 / 14 /	1414-1456	- [-	1464-147e	14	- !		_
One month		14 . 1434	1439-1412	151a-147g	143g	1478	14	13%-15徵	15🤋 ;	147g
Two months	14 × 14.	14 2 14 21	_	15-144	1450	147			15% 13%	143
Three months.	141, 1456		1434-1419	147a-145g	145a	147	1512-15te	135-154	1552-13	141a
Six months		1412-1434	1459-1419	14 153 1	145a	:			1378-1512	1410
Nine months	14 2.14	1412 1438	-	1431-1410	1456		_ :	_	_ :	_
One year		144.145	14%-14%	144-146	145	{		- 1	· - :	_
Two years			1451-1478			<u> </u>			:	

Local authorities and finance houses seven days' notice, others seven days fixed. Long-term local authority mortgage rates nominally three years 147-15 per cent; lour years 147-15 per cent; five years 15 per cent. © Bank bill rates in table are buying rates for prime paper. Buying rates for lour-month bank bills 13% per cent; four months trade bills 147-2

Approximate selling rate for one month Tiessury bills 13½-13½ per cent; two months 13½-13½ per cent; three months 13½-13½ per cent. Approximate selling rate for one-month bonk bills 13½-13½ per cent; two months 13½-13½ per cent; two months 13½-13½ per cent; two months 13½-13½ per cent; three months 13½-13½ per cent; one month trade bills 14½ per cent; two months 14½ per cent; three months 14½ per cent.

Finance Houses 8ase Rates (published by the Finance Houses Association) 15½ per cent from February 1 1962, Clearing Bank Deposit Rates for sums at seven days' notice 11½-12; per cent. Clearing Bank Rates for lending 14 per cent. Treasury 6ills: Average tender rates of discount 13.5681 per cent.

EURO-CURRENCY INTEREST RATES (Market closing Rates)

Feb. 5	eriing . ;	U.S. Dollar	Canadien Dollar	Dutch Gullder		West German Merk	French Franc	Italien Lira	Belgian Franc	Japanese Yen
7 days' notice 14 Month 14 Three months 14 Six months 14	\$ 1433 \$ 145 \$ 145 14 \$ 14 \$ 14 \$	15/4-15/2 15/5-15/5 15/2-15/3 15/2-15/3 15/2-15/3 15/3-15/3	14-15 14-15 15:n-15:4 15:2-15:78 15:4-16 16:14-16:2	1016-1044 1018-1014 1011-1014 1011-1014 104-1012	1-4-214 514-5-4 7-4-7-5 814-816 814-816 914-816	07e-10 9:10-2 101e-1014 101e-1014 101e-1014 101e-1014	147g.151q 147g.1514 151g.1514 151g.1514 154g.1534 161g.165g 17.1714	1712 19 1834-2114 2035-2132 2214-8279 3876-8314 2314-84	18.14 15.151 ₂ 16 ¹ 4-17 ³ 4 17 ³ 4-18 ¹ 6 18.18 ³ 4 17 ³ 4-18	6.4.616 64.657 64.657 54.657 54.657

SOR linked decosits' one month 13-13½ per cent; three months 13½-13½ per cent; six months 13½-13½ per cent; one year 13½-13½ per cent.

ECU linked deposits: one month 13½-13½ per cent; three months 13½-13½ per cent; six months 13½-14½ per cent, one year 13½-14½ per cent.

Assan 5 (closing rates in Singapore): one month 13½-15½ per cent; three months 15½-15½ per cent; six months 15½-15½ per cent; six months 15½-15½ per cent; one year 15½-15½ per cent.

Long-term Eurodollar two years 15½-16½ per cent; three years 16-16½ per cent; four years 16-16½ per cent. Ive years 16½-16½ per cent nominal closing rates.

The following rates were quoted for London dollar certificates of deposit; one month 15.25-15.35 per cent; three months 15.40-15.50 per cent; aix months 15.50-13.60 per cent; one year 15.55-15.63 por cent;

CURRENCIES AND GOLD

Dollar firm

further disappointment at the against the Swiss franc and to U.S. money supply figures led Y23360 from Y228.25 against to an increase in U.S. and Eurothe Japanese yen. dollar interest rates. The moncy did show a small reduction, but not cearly enough to compensate for the recent sharp rise. Encouraging figures are now required over the next few weeks, rather than comforting words from various officials. Mr Paul Volcker, chairman of the Federal Reserve Board, recently stated that money supply growth would snon he reversed, but this is now regarded with great scepticism. The air of suspicion was only increased by the denial last week that the Administra-tion intended to take action to reduce interest rates.

Expectation of continuing high U.S. interest rates pushed the dollar up to DM 2.37 against the D-mark at one time on Tuesday. and although it fell back to DM 2.3460 at the close on Frithis was an increase from DM 2.3155 at the end of the previous week. The U.S. currency touched a peak of FFr 6.0275 in terms of the French franc, before foishing the week at FFr 5.9710, compared with FFr 5.8960 on the

Feb. 5

GOLD

Bad news was good for the previous Friday. It rose to dollar once again list week, as SwFr 1.8860 from SwFr 1.8475

On Bank of England figures the dotar's trade-weighted index rose to 111.3 from 109.8, while sterling's index eased to 91.6 from 91.7.

The pound fell to \$1,8580-\$1,8600 from \$1,8805-1,8815 against the dollar, but Improved Continental currencies and the ven, despite a weaker trend on Friday following news of a cut in the price of North Sea oil. The Irish punt followed a

rather erratic course in the European Monetary System, gaio-iog ground over most of the week, but weakening again on Friday. The Dutch guilder and French franc were close together once more at the top of the system, while the Belgian franc was slightly weaker, but welt within its divergence limit, as the lowest placed member.

Gold lost ground initially on the firmer dotlar trend, but theo improved as doubts about U.S. interest rates and the future direction of the dotlar affected 384?, a fall of \$2? on the week.

Feb. 4

THE POUND SPOT AND FORWARD

	Feb 3	spread	Class	One month	p.a.	months	P.s.
	U.S.	1.8525-1.9720	1.8580-1.8500	0.15-0.25c dis	-1.29	0.55-0.65dis	-1.29
	Canada	2.2375-2 2620	2.2400-2,2420	0.10-0.20c dis	-0.80	0.50-0.60dis	-0.93
	Nethind.	4.761-4.801	4.784-4.794	13-130 pm	3.76	51-45 pm	4.08
n	Belgium	74.00-74 70	74.45-74.55	10-30c dis	-3.22	62-92 dis	-4.13
í	Genmark	14.23-14.33	14,28-14,30	2-3ore dis	-2.10	84-7- dis	-1.92
•	Ireland	1,2365-1,2440	1.2390-1.2410	0.33-0.45p dis	-3.77	1.19-1.34dis	-4.08
,	W Ger	4.34 -4.384	4.354-4.384	14-14pf pm	4.13	43-41upi pm	4.13
t	Portugal	126,75-128,50	127.00-127.30	45-185c dia	-9.91	145-415 dis	-2,81
	Spain	184,50-186,00	. 134.60-184.80	5-30c dis	-1.14	60-25 dis	-1.57
	Italy	2.322-2.340	2,328-2,330	114-144 lire dis	-6.57	44-47 dis	-7.81
5	Norway	10.58-11.09	11.02 - 11.045	1-Jore pm	0.68	pm-1 dis	-0.05
•	Fran :0	11.74-11.13	11.094-11.104	12 dis		3-4c dis	-1.26
3	Sweden	10 58-10.69	10.624-10.644	11,-1, ore pm	0.78	43-4 pm	1.65
	Japan	430-438	4331 4341	2.50-2.60y pm	7.60	8.70-8 40 pm	7.28
•	Austna	30 40 30 65	30.50-30.55	14111-gro pm	6.11	381-31 pm	4.55
	Switz.	3 49-3,53	3.504-3.514	2-11 _c pm	6.83	51,-5c pm	6.76
,	Se*	cian rate is fe	or convertible	francs. Financia 1.12c dis. 12-mg	f frenc	83.15-83.25.	

THE DOLLAR SPOT AND FORWARD

Feb 6	spread	Close	One month	p.a.	menths	p.e.
UK†	1.8525-1.8780	1.8580-1.3800	0.15-0.25c dis			
Iralendt	1.4970-1.5110	1.5000-1.5020	Q.28c pm محد n	2.63	1.15-1.00 pm	2.85
Canada	1.2047-1.2067	1,2059-1,2062	n 14.0.01c pm		0.07-0.03 pm	
Nethind.	2.5550-2.5770	2,5740-2.5770	* '~-1.02c pm	5.01	5.42-3.32 pm	
2elgium	39.77-41.09	41.07-41.09	1-6c dis	-1.05	12-24 dis	-2.11
Oenmark	7.6425-7.7000	7.6900-7.7000	0.50-0.75ors die		1.25-1.75dis	-0.78
W. Ger.	2.3285-2.3525	2.3455-2.3465	: 04-0.99pf pm		3,20-3,15 pm	
Partugel	68.35-68.65	68,40-68,60			60-200 dia	-7.59
5pain	38.99-99.26	99.15-99.25	Sc pra-5 dis	-	5-20 dhs	-0.50
liafly	1,248.30-1,256	1,253-1,355	F. " . fire dis	-5.15	19-21 dis	-6.39
Norway	5.9000-5.9400	5.9300-5.9400	mq eroce pm		1.90-1.60 pm	
France	5.9275-5.9725	6 9685-4 9775	* ***.5 °Gc pm		0.05pm-0.25d	
Sweden	S.6850-5.7250	5.7750-5 7757	שם בוסנה ב נ.		4.15-4.00 pm	
Japan	231.75-734.25	233 55 ?** **	50y pm		5.25-5.10 pm	
Austrio	16.34-16.461	16 295 15 401	- nn. = 50g/s pm	6 93	251,-211, pm	5.73
Switz.	1.8675-1.8925	1.8655-7 2567	07c pm	7.13	3.33-3.23 pm	8.96
† UK	and treland a	re quoted in U	IS currency For	rward Indivi	premiuma and dust currence	d r.

FORWARD RATES AGAINST STERLING

	Spat	1 month	3 month	6 month	12 mony
Ogliat	4.3625 11.0975 3.5075	1.2610 4.3475 11.1075 3.4900 431.3	1.8650 4.3175 11.1325 3.4550 425.5	1.2697 4.2734 11.2202 3.4152 417.2	1.6770 4.1947 11.3440 3.3167 405.0

Gold Bullion (fine ounce) FMS FUROPFAN CURRENCY UNIT RATES

Close	(£20512-207)	8524-386 \$379-380	(£206-20612)	EIMO EÓU	UPEA	N CONF	IEIVC I	0(4) 1	NAIL
Morning fixing 18584.50 Afternoon fixing \$384,85	(£205.596) (£205.586) Coins	\$325.75 \$385.75	(£205.489) (£205.874)		ECU central rates	Currency amounts against ECU February 6	% change frem central rate	% change adjusted for divergence	Oivergan limit %
1/4 Krugerrand	(E215-2151-) (E210912-110) (E56-5612) (E56-5612) (E2118-1-2151-) (E2118-1-2151-) (E2118-1-2151-) (E256-62-25714) (E236-1-25714) (E236-1-2781-) (E236-1-2781-)	6507.528 \$20412.20514 \$104.105 \$4212.4316 \$53712.59812 \$8412.05 \$109.110 \$12.102 \$477.461 \$573.378 \$510.614	(\$21219-215) (\$1091-10234) (\$553-55114 (\$223-3314) (\$210-91012) (\$50-5014) (\$581-59) (\$581-59) (\$26514-5414) (\$26514-25714) (\$20012-20014) (\$2783-2-276)	weak c	40.7572 7.91117 2.40569 6.17443 2.66382 0.684452 1300.67 a are for E	41.7052 9.02053 2.44561 6.22075 2.68450 0.695041 1.309,34 CU., therefore djusimen1 calc rate for Febru	+2.33 +1.38 +1.48 +0.75 +0.78 +1.55 +0.67 eositive churaled by F	+1.25 +0.30 +0.40 -0.33 -0.30 +0.47 +0.47 ange denotes	±1.5368 ±1.6412 ±1.1977 ±1.3738 ±1.5083 ±1.6688 ±4.1229

OTHER CURRENCIES

Feb. 5	£			Note Rates
Argentina Peso	18 646-18 6661	10.000-10.6501	Austria	30,50-30,80
Australia Dollar	1.7018 1.7048	0.8153 0.91571	Belglum	82,75-85,75
Brazil Oruzeiro	263 55.254 39	136 07 136 76	Denmark	14.25 14.33
Finland Markka.	8.3328.8.5488	4.4680-4.4710	France	11.06 11.16
Breek Drachma	110 475 113 897	60 00 60 15	Gorm Say	
iong Kong Dollar	10 87.10 8816	6 8475.5 8585	taly.	2840-2405
ran Rial	131 000	80 00*	Japan	456-441
(uwalt Gipar(KD)	0 530.0 636		Netherlands	
uxembourg Fr	74 45 74 55	40 07.40 09	Norway	11.01 11.11
Majaysia Dollar:	A 9700 A 9800	9 3020 2 3050	Portugal	126-132
Naw Zeziand Oir.		1.2515 1.2530		1861-1261
AW ZBAIANG UIT.	E 29 E 44	3.4196-3.4816	Sworles	10.61-10.71
audi Arab, Riyal	T 001 > 015		Switzerland	
ingapore Doilar.			United States	
th African Rand		3,6712-3,8732	OUITOG STATES	98-103
LAE Dirham	6'83-6'21	3,0715-3,5734	I na de la Alamana	36-102

CURRENCY RATES CURRENCY MOVEMENTS

Sterling/ECU rate for February S 0.561214

Feb. 5	England	Morgen Gueranty Changes	Feb, 6	rate :	Special Drawing Rights	Europe Gurren Unit
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EXCHANGE C	Pound St'rling	The same of	Deutschem	'ю Јарап'се Үеп	FrenchFranc	Şwiss Franc	Dutch Guild'	Italian Lira	Canadia Dollar	Belgian Franc
Pound Sterling U.S. Dollar	0.538	1,859	4.365 8.547	434.0 233.5	11,10 5,970	3,508 1,887	4.788 2.675	2392. 1253.	2.941 1.205	74,50 40,08
Deutschemark	0.229	0.426	1.	99,48	2,544	0.804	1.097	533,2	0.514	17,08
Japanese Yen 1,000	2.304	4.283	10,05	1000.	25.67	8,082	11.03	5366.	5.164	171,7
French Franc 10	0.901	1,575	3.231	321.1	10.	3,161	4,314	2099.	2.018	67,13
Swiss Franc	0.285	0,530	1,344	183.7	3,164	1,	1,365	654.0	0.639	21,24
Dutch Guilder Italian Lira 1,000	0.209	0,388 0,798	0.811 1.873	90,65	9.518 4,766	0.733 1.506	2,058	486,5 1000.	0.468 0.962	15.56 81.99
Canadian Polisr	0.446	0.830	1,947	, 193.7	4,852	1.585 ·	2,156	1039.	3.008	83,24
Selpian Franc 100	1.342	2.495	8,856	562.6	14,90	4,708	5,426	5126.		100.

RECENT ISSUES

EQUITIES

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FIXED INTEREST STOCKS

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"RIGHTS" OFFERS

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Renunciation date usually test day for dealing free of stamp duty. 5 Figures tested on prospectus estimate. d Dividuad rate paid of payable on part of aprint; cover based on divideod on tull capital. g Assumed dividend and paid, a Forecast dividend; cover based on pravious year's seminings. Figures or proper official aritmetes for 1982. Great Figures assumed. 6 Figures or report available. 2 Cover allows for convenient dates and prospectus or other official aritmetes. T Figures assumed. • Figures or report awaited. ‡ Cover effows for of cheres not cow ranking for dividend or ranking only for nestricus of cheres not cow ranking for dividend or ranking only for nestricus of Placiog price. p Panes unless otherwise indicated. † Issued. † Issued in connection with recomerger or take-over. [1] Introduction. [1] Issued to former paners and Allotment Issues (or fully-had). • Provisional or partly-paid allots ‡ With warrants. †† Daslings under special Rule. • United Merket. †‡ London Listing. † Effective Issue procesites acrig. dealt in under Rule 163(2) (a).

> LADBROKE INDEX Close 576-581 (+4)

FT UNIT TRUST INFORMATION SERVICE

OFFSHORE & OVERSEAS



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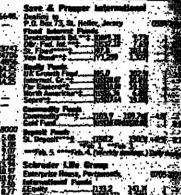
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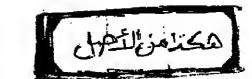


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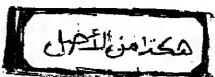
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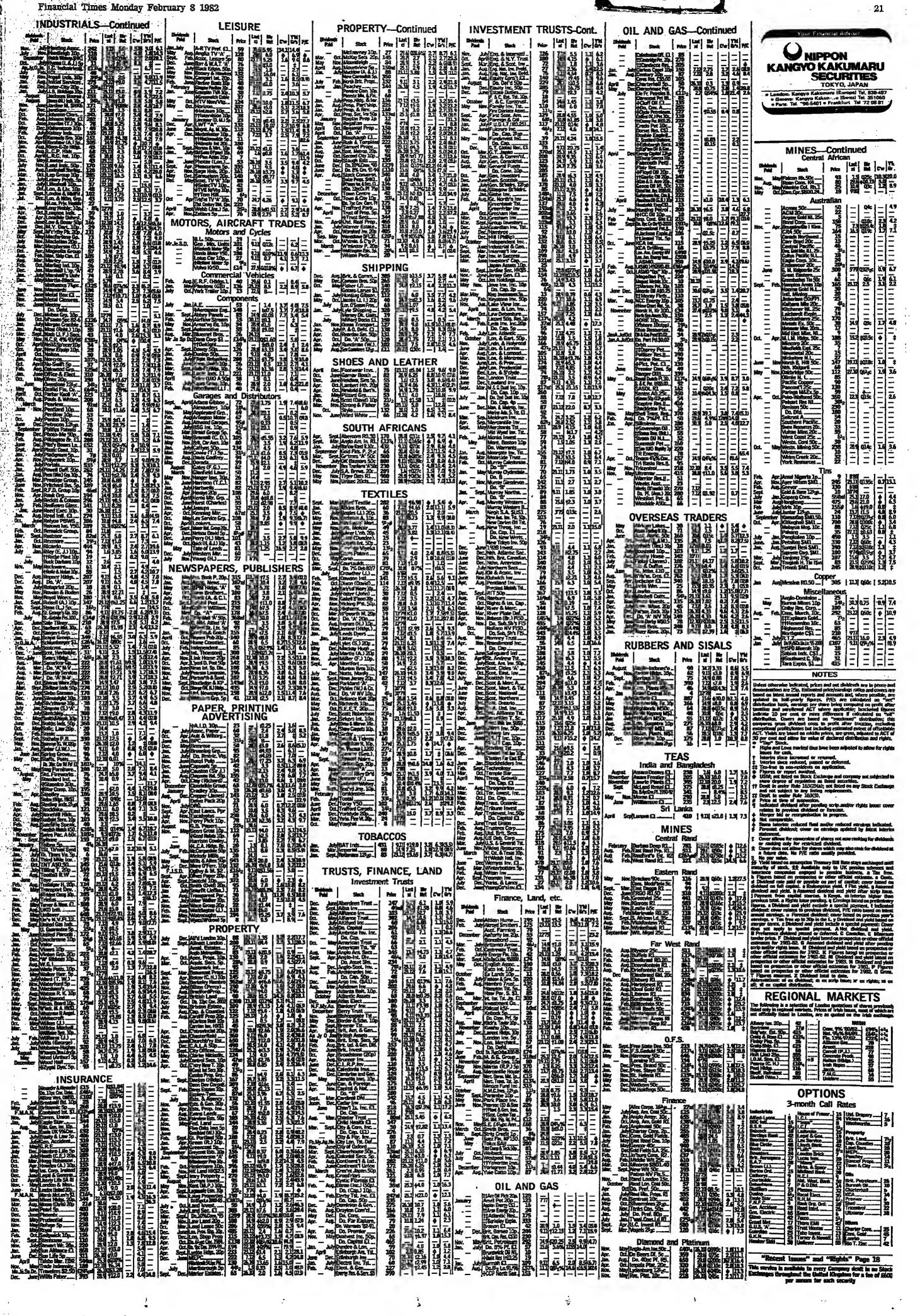
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FINANCIAL TIMES

Monday February 8 1982



CENTRAL BANK GOVERNORS MEET AS RIFT GROWS

U.S. faces interest rate call

interest rates is likely to be raised at today's meeting of central bank governors in Basle.

American central bankers are expected to face renewed plans to curb the dollar's volatility and explain whether the ballooning U.S. money suply can be controlled without disrupting the fragile interna-

tional economic recovery. The meeting is a regular the rest of the industrialised monthly two-day aession at the Bank for International Settle-tion of 1971. ments (BIS)

It is unlikely to reach any agreement on renewing coordinated foreign exchange intervention or on action to bring down interest rates.

Central bankers qualms are unlikely to have been lessened

latest week, but that the Federal Reserve Board bas tightened its

monetary targets.
The news led to further weakening on New York credit markets late on Friday.
The tightening of the U.S. credit markets has created one

of the deepest rifts over monetary policy between the U.S. and One European central banker

who will be at today's meeting said last week the divide was worse than during the currency crisis under President Carter in

His main quarrel was with the U.S. Administration, not the

ALARM in Europe and Japan by U.S. money supply figures on at high and fluctuating U.S. Friday. These showed that M1, faced with his doctrinaire attituters rates is likely to be the main measure, fell in the tide. The Americans were tude. The Americans were making mistakes. But you could discuss matters. Now it's a

deadlock." Mr Paul Volcker, Fed chairman, will not be at the meeting. The Fed will he represented by Mr Henry Wallich, a member of its governing board.

The Japanese delegation will be led by Mr Haruo Maekawa, Bank of Japan president who, unlike European governors, does not attend every BIS meet-Europe and Japan would like

the U.S. to: LOWER its budget deficits to reduce upward pressure on interest rates. The Fed has appealed to the Administration to do this-to no avail;

PERSUADE financial markets against over-reacting to the weekly money supply figures. The only way to do this, another European central banker said, is for the U.S. authorities to make clear they are interested only in the underlying trend, RE-START co-ordinated ex-

change market intervention. This has been urged repeatedly The latest plea was made last week by Dr Fritz Leutwiler, president of the Swiss National Bank and of the BIS.

However, under present fluctuating interest rates, even the most pro-interventionist central bankers do not think this type of joint action would stand much success in stabilising

Japan 'vulnerable' to pressure,

Howe considers 'giveaway' shortlist

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

THE CHANCELLOR will this week start to make his choice for bis Budget on March 9 from three broad options officials bave put hefore him.

These options represent the "short-list" that remains from the five main possibilities which the Treasury advanced for "giving away" hetween £1hn and £2bn in tax reductions or other measures.

However, the Chancellor has yet to decide the full total into hich the options must be fitted. With unchanged policies, the Treasury's estimate for public borrowing next year is believed to he about £8hn or a little less. Yet the Government's mediumterm strategy implies that borrowing should be about £9bn to £9.5hn giving the Chancellor about £1bn to £1.5bn to keep

He has still to decide whether to accept the advice of those who believe borrowing could be allowed to remain close to £10.5bn—about the same as this year's in money terms but less in real terms and less as a percentage of output. This would allow bim to give away ahout £2b¤.

The five options were: Reduction in employers' National Insurance surcharge. @ Cut in income tax thres-

to offset inflation.

company

given to

Bulgaria

enterprise.

of Sofia.

By Lesfie Colitt in Berlin

A STRUGGLING West German engineering company has been given to Bulgaria in the first

recorded case of a Communist

rescue of a distressed Western

For the past formight, the

450 employees of the Rheinische

Mr Alexel Alexevev, a Bulgarian

managing director, formerly a deputy director of the Mashino-

export State Trading Company

The company, providing machine tools and foundry

equipment, long-established in Viersen in the Rhineland, was

losing money and suffering

from lack of investment capital.

The family owners were anxious

to part with it. Last year it turned over DM 45m (£10.32m). Herr Wilfried Seeger, an

executive of the company, said a "trustworthy" West German middleman brought the Bul-

garians and the owners

together.

He admitted that it was somewhat "unusual" to give the factory away complete with its

assets and liabilities, adding that the company had consider-

able "breakdown value." Tha Bulgarians, he said.

It was too early to say how

much they would invest in their

The five Bulgarian State companies making up Machino-exports, which now owns the

German factory, bave 100,000 employees and an annual turn-over of several billion dollars.

The works, which specialises

in foundry equipment, bas co-operation agreements with

several companies in West Ger-

many and Britain. Its business links with Bulgaria were not

especially strong, some 20 per

cent of its exports went to Comecon countries, mainly

Russian and Poland, in recent

business will pick up in the future, thanks to the Sona con-

nection. Herr Sceger could not

say if there would be traosfer of company technology to Bul-

A contract transferring Anton

Roeper to Bulgarian ownership

was signed on December 18.

It is hoped that this Comecon

financial backing

novel acquisition.

provide considerable

Maschinenfahrik and Giesserei Anton Roeper have worked for

THE CONSERVATIVE PARTY'S Monday Club bas written to the Prime Minister warning of cleetnral defeat unless she can produce Budget concessions as "tangible evidence that the Government's economic policies are working."

The group yesterday called on the Prime Minister and Sir Geoffrey Howe, the Chancellor, to introduce a 2 per cent income tax cut in the March 9 Bndget.

The group blamed the Government for the collapse of Laker Alrways. "It's failure to privatise British Alrways directly contributed to the unfair competition which ultimately put Laker out of business," it said. The Monday Club called for more privatisation of nationalised industries and warned against proposals for more public spending.

Rhineland | Strike threat as Bolivia devalues

MINERS in the key Bolivian tin and a food price and rents

rate. Of these, a cut in VAT or Index by about 1 per cent at a

the basic tax rate have been cost to public borrowing of almost eliminated.

A basic rate cut would bave been directly in line with Government policy. But it would contradict the I per cent in-crease of employees' National Insurance contributions, already announced and taking effect in April Moreover, a cut in basic rate would stimulate import consumption along with bomeproduced goods, with little bene-fit to employment or prices. It would also be expensive, costing about £1.4bn in extra borrowlng for a 2 per cent cut.

A VAT cut also appears to holds by more than inflation have been shelved despite hav-rate. ing some influential Treasury No Increase in excise duties support. The attraction would £2bn in 1983-84. be to give prices a downward

industry are due to start a 48- freeze.

These include a

hour strike today in protest

measures introduced at the

major devaluation and sharp

bankruptcy," comprise:
A devaluation pegging the
Bolivian peso at 44 to the dollar

compared with 25; increases of

reform; pay rises of up to 130

per cent for civil servants: lower

import tariffs on food and

for the new company which would hid for Laker.

Mr Hamilton said: "£85m on

its own won't do it. They'll have

tn go an awful lot further and

achieve a deal with the syndi-

The Midland-led airbus syndi-

cate has appointed Mr Hamilton its receiver, while the Japanese hank syndicate has appointed

Mr Lyn Hall of Thompson Mc-

A vital element of the Orion

package would be the participa-

tion of Sir Freddie himself.
"The consortium would actively

which was set up by the Advisory Conciliation and Arhi-

tration Service, to look into the

dispute, will decide whether to proceed with their work.

Lord McCarthy, inquiry chairman, has offered Aslef new

terms of reference to try to persuade the union to co-operate with the inquiry. However, these are unaccept-

able to BR and the other unions. BR suggested Lord McCarthy

might have gone beyond his hrief in deing this, because the terms of reference were to be

established by Acas, not by the inquiry itself.

The full BR board is to meet

pending staff, depending on

Lintock its receiver.

restrictions;

spending

cates.

Cut in rate of Value Added push after the recent increase in the Inflation rale to 12 per
Cut in income tax basic cent. A 2 per cent cut in VAT would reduce the Retail Prices

> about £1.2bn. Against this, a VAT reduction would also help importers while doing little to belp domestic industry costs. The effect on unemployment would be relatively small. And it might embarrass the Chancellor who raised VAT to 15 per cent in 1979.

Of the three remaining options, a cut in the employers' National Insurance Surcharge from its present rate of 31 per cent remains the front-runner. The two point cut, urged by the rise in duties increases the Confederation of British prices index by more than 1 Industry would cost about per cent. It could be justified £1.5bn next financial year and

Apart from pleasing the CBI, rate.

Bolivia's total foreign debt is

about \$3.6bn (£2bn). Its foreign

exchange reservés aré prac-

latest year for which figures

The moves, which President Celso Torrelio Villa said were necessary to prevent Bolivia Torrelio Prevent Bolivia Torrelio

tion Minister, said last night

up to 43 per cent in the price measures would soon attract lawed since the military seized of petrol and electricity; public international financial aid. power in July 1980, although

It was learned last night that the receivers would be appeal-

ing against the CAA's six-day

notice of licence revocation. If

the CAA believes the chances

of a rescue of even a part of

more than £250,000 reportedly

ners of the idependent Inquiry, whether the inquiry starts its might hasten a scaling-down of

decide today or tomorrow on action to follow tomorrow's and

Thursday's strikes. Mr Ray Buckton, Aslef general secre-

tary, warned vesterday that the strikes would continue until

the union's case was answered. Speaking on ITV's Weekend

World, Mr Buckton said: "We are there to have success in our

battle hecause the principle is so great to the whole of the

trade union movement and to

industrial relations."

had been pledged by the public British who have been inundating the America

industrial raw material supplies, also seeking credits elsewhere. Sr Torrelio's measures.

Laker rescue bid Continued from Page 1

him," said Mr Earl.

want Freddie Laker on board airline with offers of help. Save and Air Florida.

Strike effects Continued from Page 1

work.

again on Wednesday, and will not the culprits in this dispute.

give more consideration to sus-

Officials said Bolivia would

Government hoped the

for 1981. pedestrial Sr Jaime Humerez, Informa- deserted.

continue negotiations with the tions on the unions.

International Monetary Fund The armed forces

for a \$240m (£129m) loan while mand said it would "back fully"

and it would not work without Laker funds have been set up

the husiness are sound, it can transfer the Laker licences to the new operator. stranded abroad continues this morning. By late vesterday it was estimated that 2,000-3,000

Widespread sympathy for the plight of Laker was shown throughout the UK over the weekend. By Saturday morning the bonouring Laker tickets. These

included

Aslef executive is to sisted that the Government's

He said Aslef would carry on until we get justice, because General Workers' Union in partier is no doubt that we are ticular to instruct its members in the road haulage industry to any goods diverted to

He accepted that the dispute road transport

the main attraction for the Chancellor is that it would help

industry but not foreigners. including some Sceptics, reasury ministers, argue that cut in the NIS would be politically tactless at a time when company profits are expected sbow large to

The two remaining options are to raise tax thresholds by more than the rate of inflation or to hold duties on petrol and alchohol at present levels.

Under the Treasury's assump-

tions, tax thresholds will rise in accordance with inflation at a cost of about £1.8bp in terms of the need for public borrowing. It is also assumed that duties on beer, wine, spirits and petrol will rise in line with inflation and reduce by about filbn the need for borrowing. MPs and officials that the Chancellor will raise tax thresbolds by at least the rate of inflation, if only because he failed to do

so last year. The final seriously considered in the Treasury would be to hold excise duties, which would benefit inflation since a 12 per cent by the fact that duties rose last year by more than the inflation

All banks bave been closed until Wednesday to allow them

Military police were put on

alert in case unions and peasant

of a two-day general strike to

Political party and trade

union activity bave been out-

recent changes eased restric-

The armed forces joint com-

It is unclear whether the

is any practical way of apply-ing the funds or whether they

The rescue operation of the thousands of Laker passengers

British

American, Trans-World Airways

the railway network, hut in-

refusal to invest in the railway

industry meant this would bave

port for Aslef from other TUC unions, though many militant

train drivers who attended a mass meeting called by Aslef

quarters over the weekend criti-cised the union leadership for

failing to translate that support

Drivers suggested that Aslef

Mr Ray happened in any case.
ral secre- He stressed the level of sup-

into practical action.

Caledonian.

Airways,

will have to be returned.

around the country.

were virtually

to adjust to the action.

pedestrians,

tically exhausted. In 1980, the groups carried out their threats

TUC to fight privatised cleaning

counter-attack against local authorities intending to privatise cleaning and other

instead of direct labour was hased on pre-1981 estimates. The true present saving was only £45.609. This figure would be reduced by a further £18,500 next year

Increased its charges for with increases brought in by the contractor, direct labour charges for refuse collection

The West Lindsey report parties.

vatisation are often illusory and are usually only short-

rupt, councils will be liable for high costs;

ancy payments and sale at a loss of cleaning equipment. Eastbourne have put out all or some of their cleaning services to private contract.

Weather

UK TODAY

DRY with some sun at first, cloud and periods of rain spreading from the west. Gales in north and west. England. Wales, N. Ireland, S. Scotland

Sunny periods, becoming cloudy with some rain. Strong winds. Max 11C (52F) Rest of Scotland

Sunny periods, followed by snow, turning to rain. Gales. Outlook: Unsettled, very windy.

WORLDWIDE

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By John Lloyd, Labour Editor

THE TUC is to mount a

One of its main weapons will be a confidential report prepared last October by officers of the independently controlled West Lindsey dis-trict council, in Lincoinshire. This claims that the savings made by privatising cleaning services in Southend—the most celebrated case of a council which has made this change—had been exaggera-ted by a factor of at least 10 and may amount to virtually

nothing. The West Lindsey report recommended the district conneil not to employ con-tractors for its cleaning services.

It said the widely-ouoted savings of £492.920 in South-cud from contract labour

because of pension payments. Moreover, if the council bad trade waste collection in line would show a saving over contract costs of over £700.

Contract services

will feature in a pamphlet being prepared by the TUC for public sector unions. The pamphlet is aimed at pro-viding local anthority trade unionists with arguments to use against councillors whn intend using contract services. It will urge them to build united fronts of opposition to such schemes where possible with other unions, trades councils and local Labour

The pamphlet will argue: That savings from pri-

That if the contractors

 That any council intending to privatise must display all costs, including redund-Snuthend, Wandsworth and

Others — including some Labour-controlled councils are considering following suit.

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THE LEX COLUMN

Banks look to their capital

The London clearing banks have all raised money in the form of loan stock over the last So, while Barclays was able to step out in style with an old-fashioned fixed-rate sterling bond last week—carrying a 16 per cent coupon to boot—its desire for cash came as no particular surprise. Last June, for example, it raised \$100m (£53.79m) in the U.S.

Nor are these sums out of line. The Nat-West has raised \$275m since July, as well as a DM 100m (£22.92m) hond, Lloyds picked up \$100m in October and the Midland \$225m since March. since March. There is not much of a

mystery as to wby the clearers and Cruicksbank put the pro-are bungry for funds. Total portion below 2 per cent. balance sheets have been rising fast. In the last decade the compound rate of growth has been about 20 per cent per annum. In 1981, analysis estimate that the typical expansion bas been of the order of 30 per

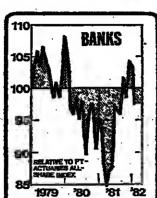
Among the factors oebind this acceleration bave been the adequately.

depreciation of sterling last A small year and the bank's push into the domestic mortgage market. And profits are not expected to have kept up with this rate of growth, not least because business done on the margin windfall profits tax.
So the ratios of capital to

deposits ara coming down — a trend on which all the analysts seem to be agreed although their specific figures vary. The ratio watched most closely by the Bank of England-the free capital ratio, which includes subordinated loan stock — is estimated by brokers James Capel to have fallen from 4.5 to 4 per cent in Barclays' case. even including the latest bond. Lloyds is more comfortable at around 4.7 per cent, although there seem to bave been sharp falls of a full point at NatWest and the Midland, to about 31 per cent

But the Bank only allows suhordinated loans to form a third of free capital. On that hasis, the proportion of debt to equity is still fairly comfortable for Barclays, NatWest and Lloyds. By contrast, the Midland is probably getting rather close to the ceiling.
Accordingly, the Midland

mes out very much worse on the second set of ratios, free equity as a proportion of deposits, which does not in is unlikely to bring much relief clude loan stock. Capel esti- to the surviving North Atlantic mates that the figure may have operators. The International fallen from 3 per cent to Air Transport Association has roughly 2 per cent, while Laing estimated that its members lost



Midland was proportionately hard hit by the windfall profits tax, while the consolidation of

Crocker has also depressed the ratio. But the basic problem is that with stagnant profits in recent years, Midland simply bas not made sufficient retentions to push up its reserves A small detachment of

cavalry can be glimpsed on the horizon, in the shape of an £83m convertible, which is set to be turned into equity in early 1983. Moreover, the Midland's conservative tends to he less profitable. In approach to leasing gives it addition, last year's retentions were hit on the head by the tax into shareholders' funds without too much embarrassment, worth perhaps £50m. Nevertheless, the free equity ratio will still remain uncomfortably low. And given the Midland's high level of capital expenditure, it will be hard to trade its way to better ratios in the medlum term. So a rights issue looks the

obvious solution, and one that has been expected by the market for some time. Certainly in the past the breaching of the 2 per cent level usually has been the signal for a bank to issue equity. But if Barclays was inhibited from issuing shares last week by the dividend cost, how much more must be the Midland, whose shares offer a yield 60 per cent bigher. Moreover, a one-for-four at the present lowly rating would produce only about £110m, which would probably not even be enough to raise the

occupied by the other clearers. Atlantic carriers

The demise of Laker Airways

free equity ratio into the 21 to 31 per cent spread currently

\$500m on North Atlantic routes last year and, despite the Laker collapse and proposed increases in Apex fares, 1932 is unlikely

to be much better.
The load factor on the North Atlantic (which comprises all flights from North America to Europe, the Middle East and North Africa) rose from 65.4 to 68.1 per cent last year. Given the stagnation in air fares, this was not fast enough to compensate for the growth in overheads. On the New York-London route. Laker's speciality, the load factor was almost certainly much worse. Laker itself filled only 40 per cent of its seats in the last cent of its seats in the last fortnight of January.

The danger is that the gap left by Laker will he filled rapidly by other carriers. U.S. companies such as Capitol International are expanding their discount operations across the Atlantic and the British Government, which is entitled to three transatlantic flag-carriers under the Bermuda II agrecment, will not want the supply of traffic to tilt in favour of the U.S. Yet a reduction in cap-acity seems the only way to restore the battered margins on

North Atlantic routes. TWA is the only major carrier to make a return out of the Atlantic. Last year, its pre-tax profits from that area totalled \$33m-thanks to an 11 per cent increase in revenue per passenger mile. But both Braniff and Pan Am are unable to cover their debt costs and remain on the stock market's critical list. Even if demand improves later this year, cs some industry analysts expect, capacity could rise to meet it. The going rate for a semi-depreciated DC-10/30 Is \$1\$.75m, according to Avmark, the U.S. aviation consultant. Laker bas five of these and about another 35 are believed to be on the market. A discount operator might well

undercut IATA carriers on North Atlantic routes. Pan Am, for example, paid \$44m for a new DC-10/30 in late 1980. After allowing for depreciation and interest costs its break-even level would be much higher than that a an an armore higher than that a an armore higher than that a an armore higher than that a armore higher than the much higher than that of an air-The Laker debacle is anothe? blow for the civilian nircraig manufacturers. McDonne gamely in the Laker survived it was polling out of a join development project with Fokker. Of the U.S. companiess development

only Boeing seems able to standl

the pare.

conclude that these aircraft

could be successfully used to

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